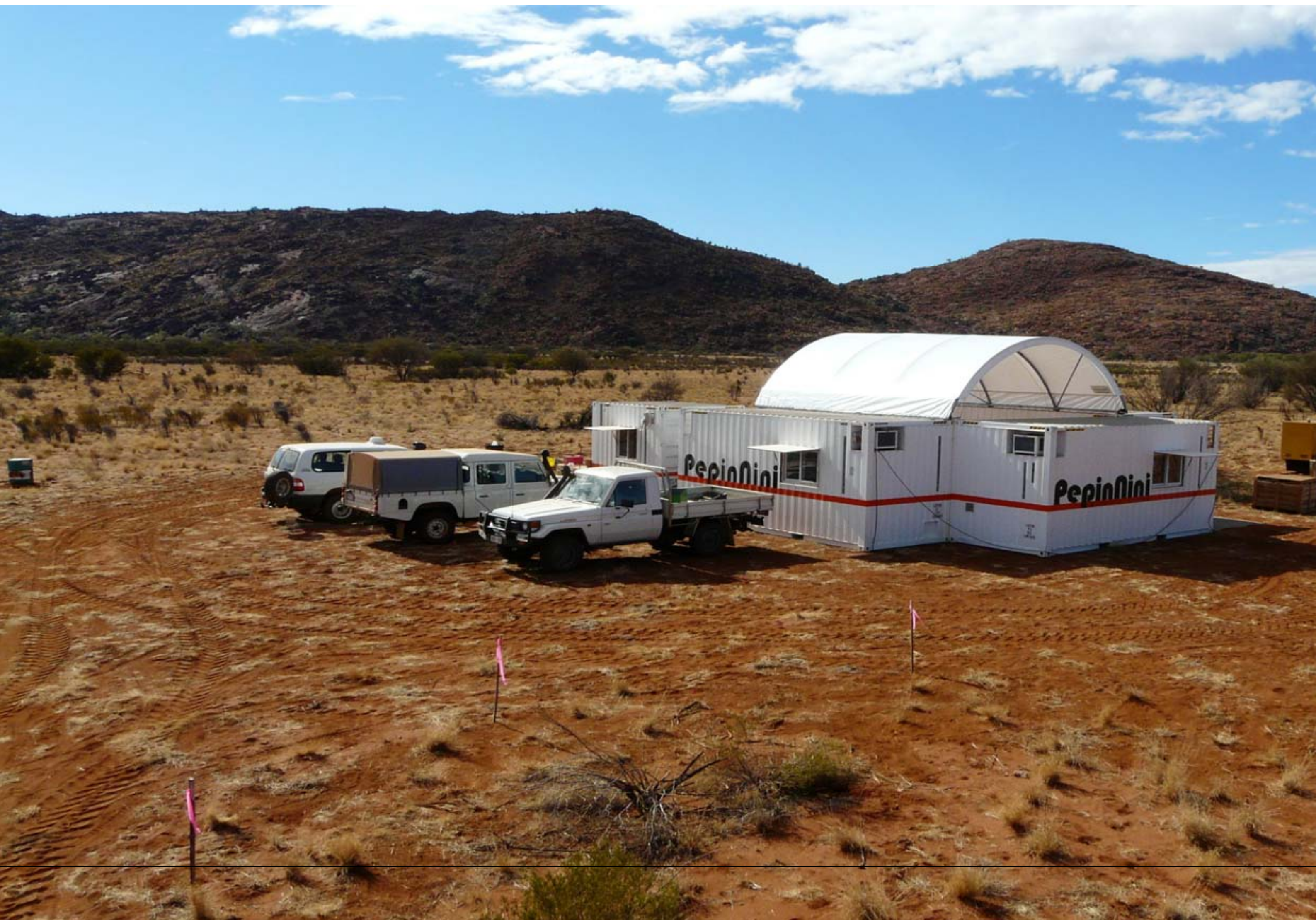
PepinNini

Minerals Limited

ABN 55 101 714 989

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE, 2008



Corporate governance statement

PepinNini Minerals Limited (the company) and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The company and its controlled entities together are referred to as the Group in this statement.
The relationship between the board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.
A description of the company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

The board of directors

The board operates in accordance with the broad principles set out in its charter. The charter includes details on the board's composition, responsibilities, performance review and evaluation procedures, ethical standards, and required communications with shareholders.

Board composition

The Board currently performs its roles and function, consistent with the above statement of its overall corporate governance responsibility. The Board is made up of 2 independent and 2 non-independent directors.

Responsibilities

Responsibility for the Company's proper corporate governance rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly conscientiously and fairly, in accordance with the law, in the interests of PepinNini's Shareholders (with a view to building sustainable value for them) and those of employees and other stakeholders.
The Board's broad function is to:

a) chart strategy and set financial budgets for the Company;
b) monitor the implementation and execution of strategy and performance against financial budgets; and
c) appoint and oversee the performance of executive management and generally to take and fulfil an effective leadership role in relation to the Company.

Power and authority in certain areas is specifically reserved to the Board – consistent with its function as outlined above. These areas include:

a) composition of the Board itself including the appointment and removal of Directors;
b) oversight of the Company, including its control and accountability system;
c) appointment and removal of senior management and the Company secretary;
d) reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliance;
e) monitoring senior management's performance and implementation of strategy; and
approving and monitoring financial and other reporting and the operation of committees.

Board members

Details of the members of the board, their experience, expertise, qualifications, term of office and independent status are set out in the directors' report under the heading "Information on directors".
The board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective
- the size of the board is conducive to effective discussion and efficient decision-making.

Commitment

The board held 10 board meetings during the year. The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2008, and the number of meetings attended by each director is disclosed on page 12.
It is the company's practice to allow its executive directors to accept appointments outside the company with prior written approval of the board. No appointments of this nature were accepted during the year ended 30 June 2008.
The commitments of non-executive directors are considered by the board prior to the directors' appointment to the board of the company and are reviewed each year as part of the annual performance assessment.
Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company.

Conflict of interests

It is company policy that the directors declare their interests in dealings with the company which create conflict of interests, and take no part in decisions relating to them or the preceding discussions. In addition, those directors do not receive any papers from the Group pertaining to those dealings. There were no such conflicts of interest during the 30 June 2008 financial year.

Independent professional advice

With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are borne by the Company.

Performance assessment

The corporate governance charter adopted by the Board requires individual performance review and evaluation to be conducted formally on an annual basis. In addition, an external review of the performance of Directors and key executives is planned for intervals not exceeding three years to ensure independent professional scrutiny and benchmarking against developing best market practice. The Board acknowledges that performance can always be enhanced and will continue to seek and consider ways of further enhancing performance both individually and collectively. PepinNini's practice complies with the Guidelines in this area.

Corporate reporting

The Managing Director and Executive Director - Administration have made the following certifications to the board:

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with relevant accounting standards
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Board committees

The Company's size is not sufficient to warrant the establishment of separate committees for the nomination of directors, review of remuneration and risk management. As an alternative the Company has formed a corporate governance committee (currently consisting of all directors) to assist with the building of its own internal practices concerning good corporate governance. As part of their regular Board meetings, the Directors discuss action matters concerning:

- risk management;
- remuneration and issues relevant to remuneration policies and practices for all Directors and senior management; and
- any recommendations concerning the appointment of new Directors and senior management.

Items of business that the committee will address at its meetings are:

- Board and committee structure to facilitate a proper review function by the Board;
- corporate risk assessment and compliance with internal controls;
- review and evaluation of market practices and trends on remuneration matters;
- the performance of senior management;
- development of suitable criteria such as skills, qualifications and experience for Board candidates;
- identification and consideration of possible candidates; and
- review of the performance of each Director and of senior management each year in accordance with the procedures developed and adopted by the Board.

Whilst items of risk management will be discussed on a quarterly basis, items concerning remuneration and nominations will be discussed annually.

Audit committee

The Audit Committee meets and reports to the Board as required, but in any case at least twice each year. Its members are currently one executive director and one non executive director. The Committee has authority to seek any pertinent information it requires from any employee or external party. The Company's external auditor is invited to attend each meeting of the committee.

The responsibilities of the audit committee include:

- oversee the existence and maintenance of internal controls and accounting systems, including the implementation of mandatory and non-mandatory accounting policies and reporting requirements
- oversee the financial reporting process, including reviewing and reporting to the Board on the accuracy of all financial reports lodged with ASX which include the quarterly, half-yearly and annual financial reports
- recommendations to the Board regarding the nomination, removal and remuneration of the external auditors and
- review the existing external audit arrangements, including ensuring that any non-audit services provided do not impair auditor independence.
- assessing the adequacy of external reporting for the needs of Shareholders.

In fulfilling its responsibilities, the audit committee:

- receives regular reports from management and the external auditors;
- meets with the external auditors at least twice a year, or more frequently if necessary;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- meets separately with the external auditors at least twice a year without the presence of management;
- provides the external auditors with a clear line of direct communication at any time to either the Chairman of the audit committee or the Chairman of the board.

The audit committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Respect the rights of Shareholders

The Board strives to communicate with Shareholders both regularly and clearly – both by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at general meetings. The Company's auditors will always attend the annual general meeting and are available to answer Shareholders' questions. The Company's policies are outlined in the Company Policy and Procedure Document available from the company's website. These policies ensure continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the company's securities.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's website as soon as possible as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have been established for reviewing whether any price sensitive information has been inadvertently disclosed and if so, this information is also immediately released to the market.

All shareholders receive a copy of the company's annual report. In addition, the company seeks to provide opportunities for shareholders in electronic format available for download from the website, annual and quarterly reports or via direct email.

External auditors

The company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Deloitte Touche Tohmatsu was appointed as the external auditor in 2007.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in note 27 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk Assessment and management

The board through the audit committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. These policies are available on the company's website. In summary the company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct (see below) is required at all times and the board actively promotes a culture of quality and integrity.

Detailed control procedures cover management accounting, financial reporting, project appraisal, environment, health and safety, IT security, compliance and other risk management issues. The internal audit reporting group carries out regular systematic monitoring of control activities and report to both relevant operations and administrative management and the audit committee. The company risk management policy and the operation of the risk management and compliance system is managed by the company risk management group consisting of senior management and senior executives chaired by the executive director - administration. The board receives updates at monthly directors' meetings on material risks that may impede meeting operational and business objectives. The risk management group is then responsible for implementing appropriate controls to effectively manage those risks which are in turn monitored by the board.

The environment, health and safety management systems(EHSMS)

The company recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective the EHSMS was established to facilitate the systematic identification of environmental and OH&S issues and to ensure they are managed in a structured manner. The system allows the company to :

- monitor its compliance with all relevant legislation
- continually assess and improve the impact of its operations on the environment
- encourage employees to actively participate in the management of environmental and OH&S issues
- use energy and other resources efficiently and
- encourage the adoption of similar standards by the Group's principal suppliers and contractors

Information on compliance with significant environmental regulations is set out in the directors' report.

Code of Conduct

The Company has developed and adopted a detailed code of conduct to guide Directors and employees in the performance of their duties. The Company has also developed and adopted a formal code to regulate dealings in securities by Directors and senior management and their associates. This is designed to ensure fair and transparent trading in accordance with both the law and best practice.
The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities. A copy of the Code and the trading policy are available on the company's website.

ASX Principles of Good Corporate Governance and Best Practice Recommendations

Subject to the exceptions outlined below, the Company has adopted the 'Principles of Good Corporate Governance and Best Practice Recommendations' ('Guidelines') applying to listed entities as published in March 2003 by the ASX Corporate Governance Council. Below is a listing of the Best Practice Recommendations that PepinNini Minerals Limited does not comply with.

BEST PRACTICE RECOMMENDATION	NOTIFICATION OF DEPARTURE	EXPLANATION OF DEPARTURE
Principle 2.1	A majority of Directors are not independent	Currently, only two of the four Directors satisfy the criteria for independence. The Company considers that the expense involved in the recruitment and employment of an additional independent director is not justified given the present size and complexity of its operations. Together, the current Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company and have demonstrated that they make quality and independent judgements in the best interests of the Company on all relevant issues. Procedures are in place whereby Directors having a conflict of interest in relation to a particular item of business must exclude themselves from the meeting before commencement of discussion of the topic. It is intended that, subject to the performance of the Company, new candidates for the Board will be considered.
Principles 2.2 and 2.3	The Chairman is the Managing Director of the Company	The Board considers the position of Mr Norman Kennedy as Chairman and Managing Director to be appropriate as he founded the Company, is the largest shareholder, has been instrumental in the development of the Company, has a comprehensive knowledge of its operations and has successfully built value for shareholders since the Company listed on the ASX. Mr Kennedy's industry experience and his involvement with the Company since its inception are well recognised and viewed positively by shareholders. Clear protocols are in place to deal with conflicts of interest. Mr Albert Harris acts as an independent Chairman when the board is discussing items in which a conflict of interest may arise. The Board does however recognised that as the Company expands its operations the ability of the Chairman to provide an independent view of management may require the appointment of an independent Chairperson in the future.
Principle 2.4	A separate Nomination Committee has not been formed	The Board has not formed a separate Nomination Committee. The full Board consists of four Directors and has formed the view that it is more efficient for the Board as a whole to deal with matters that would otherwise be dealt with by a Nomination Committee. Strategies such as reviewing the skill base and experience of existing Directors and identification of attributes required in new Directors are in place and, if necessary, appropriate independent consultants will be engaged to identify possible new candidates for the Board.

BEST PRACTICE RECOMMENDATION	NOTIFICATION OF DEPARTURE	EXPLANATION OF DEPARTURE
Principle 4.3	A majority of members of the Audit Committee are not independent	An Audit Committee of one-executive and one non-executive Director has been established and has a formal charter. The Audit Committee is not in compliance with the Guidelines in that the majority of members are not independent. To safeguard the integrity of financial reporting, the Chairman of the Audit Committee is independent and regular sessions are held with the external auditors in the absence of management to discuss any issues or concerns the auditors may have. Separate audit committee meetings are held to finalise annual and half yearly financial reports before recommending approval by the Board.

Corporate Governance Scorecard

		Comply
Principle 1	**Lay solid foundations for management and oversight**	
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	Yes
Principle 2	**Structure the board to add value**	
2.1	A majority of the Board should be independent directors.	No
2.2	The chair should be an independent director.	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	No
2.4	The Board should establish a nomination committee.	No
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes
Principle 3	**Promote ethical and responsible decision-making**	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	Yes
	• the practices necessary to maintain confidence in the Company' integrity	Yes
	• the practices necessary to take into account their legal obligations and the reasonable expectations of their shareholders	Yes
	- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Yes
3.2	Companies should establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	Yes
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes
Principle 4	**Safeguard integrity in financial reporting**	
4.1	The board should establish an audit committee.	Yes
4.2	The audit committee should be structured so that it:	
	• consists only of non-executive directors	No
	• consists of a majority of independent directors	No
	• is chaired by an independent chair, who is not chair of the board	Yes
	• has at least three members	No
4.3	The audit committee should have a formal charter.	Yes
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes
Principle 5	**Make timely and balanced disclosure**	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes
Principle 6	**Respect the rights of shareholders**	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes
Principle 7	**Recognise and manage risk**	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes
Principle 8	**Remunerate fairly and responsibly**	
8.1	The board should establish a remuneration committee.	Yes
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes

Directors' report

The directors of PepinNini Minerals Limited (the Company) submit herewith the annual financial report of the Company and consolidated entity consisting of PepinNini Minerals Limited and the entities it controlled (the Group) at the end of, or during, the year ended 30 June 2008. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The following persons were directors of PepinNini Minerals Limited during the whole of the financial year and up to the date of this report:

- Norman Kennedy
- Albert Harris
- Rebecca Holland-Kennedy
- Christopher Lambert

The above persons have been directors for the whole financial year and since the end of the financial year.

Principal activities

During the year the principal continuing activities of the Group consisted of exploration for:

(a) Nickel;
(b) Copper;
(c) Gold;
(d) Lead;
(e) Zinc;
(f) Uranium; and
(g) Other mineral commodities.

The Group also continues to advance its joint venture alliance with Sinosteel Corporation for the development and operation of the Crocker Well and Mt Victoria Uranium Deposits in the Curnamona Province of South Australia.

The following significant changes in the nature of the activities of the Group occurred during the year:

(a) As a result of PepinNini Minerals Limited's acquisition of a controlling interest in Eagle Gold Mines Pty Ltd, the group now holds a mining operation that is currently in care and maintenance. Eagle Gold Mines Limited financed activities through a combination of capital contributions and external borrowings (financial liabilities).

Dividends

Dividends paid to members during the financial year were as follows:

	2008 **$**	2007 $
Special dividend for the year ended 30 June 2007 of 5 cents (2006 - nil) per fully paid share paid on 17 December 2007	**3,460,375**	-

No further dividends have been declared up to the date of this report.

Review of operations

The Group currently has an interest in 29 exploration tenements covering approximately 14,000 sq kms in the Curnamona and Musgrave Provinces of SA and the Georgetown Inlier and Woolgar Goldfield of North Queensland. It also holds an 83 hectare mining lease located in the Woolgar Goldfield of North Queensland. Through its 51% interest in Eagle Gold Mines Limited the Group also holds an interest in 87 mining and exploration tenements covering approximately 2,500 sq kms in the Peak Hill Goldfield and Robinson Range region of mid west Western Australia.

Exploration has progressed in all current project areas and expansion of operations has occurred in Queensland and into Western Australia with acquisition of exploration and mining tenements.

1. Musgrave Province Nickel/Copper Project

The Group is undertaking exploration programs designed to target Nickel Copper Sulphide mineralisation in three granted exploration licences covering approximately 4,905 sq. kms of the Musgrave Province of South Australia.

The Company owned diamond rig was mobilised to EL 3368 and commenced drilling activities on 16th July 2007 targeting Voisey's Bay style magmatic nickel-copper sulphide mineralisation in the Mt Harcus and Mt Moulden Prospect areas. A program of 12 cored boreholes was completed for a total of 5,075 metres of drilling.

Review of operations (continued)

1. Musgrave Province Nickel/Copper Project (continued)

Seven holes investigated a variety of targets along the 7km strike length of the Harcus Intrusion. Two holes were completed to test coincident electromagnetic, magnetic and gravity anomalies at the Harcus North West Prospect. Three stratigraphic holes were drilled at the Moulden Prospect to investigate large regional scale magnetic and gravity anomalies.

Three of the drill holes (2 at Harcus and 1 at Moulden) were completed as part of a collaborative PACE funding program with the South Australian Government.

Drilling at the Harcus Intrusion intersected variable quantities of disseminated sulphide and massive sulphides within Giles Complex mafic intrusive rocks (gabbronorite). The intersection of massive sulphides is encouraging and confirms the potential for concentrated accumulations of mineralisation. The composition of the mineralisation is dominated by pyrrhotite (iron sulphide) accompanied by chalcopyrite (copper sulphide) and pentlandite (nickel sulphide). The best intersections from DD07HAR008 include:

- 211.9-212.0m – 0.11% Co, 0.29% Cu, 0.31% Ni
- 212.0-212.5m – 0.03% Co, 0.56% Cu, 0.07% Ni
- 224.5-225.4m – 0.03% Co, 0.74% Cu, 0.08% Ni

Drilling at the Moulden Target did not intersect any significant quantities of sulphide although minor quantities of disseminated sulphide were intersected confirming sulphur saturation has occurred in the magma. This provides encouragement for drilling other parts of the Purananja Intrusion nearby in the NE Moulden Block.

EL4048 covering approximately 1,916 km² was granted to PepinNini Minerals on 25th February, 2008. A Work Program Clearance conducted by APY representatives and traditional owners of the area on 22nd April, 2008 approved exploration activities including ground geophysical surveys, surface sampling, shallow vacuum drilling, prospect exploration drilling, geological mapping and airborne surveys. During May, 2008 a field camp was established within EL 4048 and the company diamond drilling rig and recently acquired vacuum drilling rig was mobilised to commence drilling operations. Two cored boreholes had been completed by 30th June 2008.

A reconnaissance and mapping survey including geochemical sampling of significant parts of EL 3536 as well as an extensive program of shallow drill holes primarily undertaken along existing tracks and fences has been approved by a Work Program Clearance conducted by traditional owners and APY representatives on 5th and 6th March, 2008.

2. Curnamona Province Uranium and Base Metals Project

The Group has a 40% interest in four granted exploration licences and one exploration license application covering approximately 3,778 sq. kms. of the Curnamona Province of South Australia. A Joint Venture Alliance has been established with Sinosteel Corporation to manage and operate the development of the Crocker Well and Mt Victoria Uranium Deposits and explore for other commodities within the Joint Venture tenements. Under the Joint Venture Agreement Sinosteel Corporation will contribute $11million exploration expenditure on the project over a 2 year period from June 2007.

Office premises have been established in Adelaide for the Joint Venture Management Company which is undertaking further exploration with a priority objective of preparing a Bankable Feasibility Study for the development of the Crocker Well Uranium Deposit to produce at least 600 tonnes of U_3O_8 per year for at least 10 years.

Drilling operations to verify and upgrade sufficient of the currently defined JORC compliant uranium resource from an Inferred category to an Indicated or Measured category to allow for a Bankable Feasibility Study to be completed are well underway with up to 3 drilling rigs being employed on the project. Hydrogeological and geotechnical investigations are being undertaken in conjunction with the drilling program.

Discussions have been held with consultant groups and South Australian Government Departments to establish guidelines and a timeframe for the development of the Crocker Well Uranium Deposit. Current strategy is aimed at being in production in 2010.

Metallurgical tests of bulk samples of previously mined Crocker Well ore and core samples from the current drilling program are being undertaken by Amdel Laboratories and ANSTO Minerals. Testing to date has indicated Crocker Well uranium ore can be beneficiated which could result in significant advantages to processing and plant costs in regard to plant size, amount of reagents used, recoveries and tailings dam size. It has also been determined that heating the leaching circuit could substantially improve process recoveries improving the cost of processing as well as increase the amount of uranium recovered.

Independent resource consultants Hellman & Schofield have been commissioned to upgrade sufficient current JORC compliant uranium resource at Crocker Well from an Inferred category to an Indicated and Measured category to allow for a Bankable Feasibility Study to be undertaken for the development of the project.

Bateman Engineering have been appointed to undertake the Bankable Feasibility Study.

Review of operations (continued)

2. Curnamona Province Uranium and Base Metals Project (continued)

URS Australia have been appointed to undertake the Regulatory Approvals and Baseline Studies using Kellogg Brown & Root (KBR) as sub consultants.

Australian Mine Design and Development Pty Limited (AMDAD) have been selected as the Mining Consultants for the Crocker Well project.

A field camp has been delivered and set up at the site to facilitate the accommodation of the various consultants and contractors employed on the project. Environmental baseline studies including flora, fauna and radiation monitoring have commenced.

3. North Queensland Project

On 8th November, 2007 the Company announced widespread copper, gold, silver and lead mineralization had been identified in rock chip samples collected during an initial regional reconnaissance survey of EPM 15440. Some of the more significant assays include:

- 65.1g/t gold, 435g/t silver, 9.98% copper
- 3.6g/t gold, 653g/t silver, 20.30% copper
- 5.65g/t gold, 42g/t silver, 5.72% copper
- 0.7g/t gold, 22g/t silver, 16.90% copper
- 3.72g/t gold, 732g/t silver, 13.8% copper, 1.07% lead
- 0.6g/t gold, 637g/t silver, 11.25% copper, 3.4% lead
- 0.27g/t gold, 165g/t silver, 10.8% lead
- 1.63g/t gold, 957g/t silver, 64.7% lead.

During December the Company entered into a heads of agreement with Australian Gold Holdings Limited (AGH) and its subsidiaries Uranium Capital Limited and Goldrox Limited to acquire eleven tenements in north Queensland. Following due diligence on the tenements PepinNini paid AGH $150,000 and issued 900,000 shares in PepinNini Minerals Limited for the tenements. PepinNini Minerals have established a significant presence in North Queensland with 19 exploration tenements and 1 mining lease covering approximately 2,007 sq kms.

4. Peak Hill Gold Project and Robinson Range Iron Ore Project

On December 20th the Group announced it had acquired substantial gold mine assets in the Peak Hill Gold Field of Western Australia through the purchase of 51% of the issued capital of Eagle Gold Mines Limited and its 1.2Mtpa Fortnum Gold Mine processing plant and associated infrastructure. Eagle Gold Mines Limited's subsidiary Eagle Gold Mines Pty Limited has an extensive package of mining and exploration tenements covering approximately 2,500 sq. kms. and established gold inventories in Measured (1,900 ozs), Indicated (670,000 ozs) and Inferred (335,000 ozs) resources of 12.8 million tonnes at 2.5 g/t Au, representing over 1 million ounces, most of which are within 30 kms of the Fortnum gold processing plant.

PepinNini Minerals has entered a Farm-In Agreement with Eagle Gold Mines Pty Limited whereby it can earn 50% of the Robinson Range Iron Ore Project through the expenditure of $500,000 on exploration over the next two years. The seven tenements subject to the Farm-In Agreement contain a significant portion of the area within the Bryah-Padbury Basin deemed prospective for Iron Ore. The potential Iron Ore deposits have grades of up to 65% Fe with low phosphorous content suitable for exploitation as Direct Shipping Ore (DSO). The prospects have never been drilled, and exploration for iron ore has not been conducted over this ground since 1974.

PepinNini Minerals has identified approximately 40 kms strike length of the Robinson Range Formation within the JV tenements. During May and June, 2008 a detailed 250m grid gravity survey was completed to identify priority drill targets for a resource definition drilling operation to commence as soon as possible. The completed gravity survey comprised of 2192 stations in 212 lines.

Review of operations (continued)

5. Corporate

At the Annual General meeting held in the Company office at Level 1, 117 King William St, Adelaide on 30th November 2007 it was announced that a fully franked special dividend of five cents per share would be distributed to all shareholders of the Company. In accordance with Company policy to reward shareholders for their investment in PepinNini Minerals Limited the Directors believe shareholders should share directly in the financial success of the Company over the preceding year. The record date to determine dividend entitlements was 10th December, 2007 and the dividend was paid on 17th December, 2007.

The recent market reaction to global financial conditions produced a share price for PepinNini Minerals Limited that the Directors believe does not reflect the value or potential of the Company. It has highlighted an opportunity to maximise benefits to shareholders through effective management of our share capital given our current surplus cash position. To take advantage of the situation the Directors decided to instigate an on market share buy back scheme for a period of 1 year commencing on the 20th August 2007 aimed at acquiring up to 4.9 million shares in the Company. As of 30th June, 2008 the Company had acquired and cancelled 1,500,000 shares through implementation of the on market share buy back scheme.

Further information relating to the Company's projects and future directions has been made publicly available on the company's web site at www.pepinnini.com.au

Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year, other than that referred to above.

Subsequent events

At balance date the group held a 51% interest in Eagle Gold Mines Limited. During the 2008 financial year, Eagle Gold Mines Pty Limited, a wholly owned Australian subsidiary of Eagle Gold Mines Limited, obtained financing for its Peak Hill Gold Project and Fortnum Gold Mine by way of a gold loan. This gold loan was called by its counterparty on 30 June 2008 due to an alleged technical breach in the loan agreement (refer to note 19 for further information).

On 8 July 2008, Eagle Gold Mines Pty Limited was placed into receivership by the counterparty. As a result, the effective control of Eagle Gold Mines Pty Limited passed to the appointed receivers, at that date and as a result is expected to be deconsolidated from the Group.

The Company is assessing its options regarding the project and its 51% interest in the issued share capital of Eagle Gold Mines Limited. Following an invitation by the receivers PepinNini is submitting an expression of interest to submit a proposal to acquire some or all of the assets of Eagle Gold Mines Pty Limited.

Likely developments and expected results of operations

The Group intends to continue actively exploring its tenements for mineral potential. Field exploration and drilling programs are planned for the Musgrave Province, the Curnamona Province, and the Robinson Range and North Queensland projects and are designed to investigate targets with potential for the discovery of a major new Australian mineral deposit.
During the year the Group also purchased a controlling interest in the Peak Hill Gold Project in Western Australia. Currently this operation is in care and maintenance. Pending resolution of certain subsequent events, as noted above, the Group intends to formalise a business plan and commission the facility.

Further information on the likely developments in the operations of the Group and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulations

The mining tenements granted to the Group pursuant to Mining Acts are granted subject to various conditions which include standard environmental requirements. The Group adheres to these conditions and the Directors are not aware of any contraventions of these requirements.

Information on Directors

The particulars of the directors of the company during or since the end of the financial year are:

Name	Particulars
Norman Kennedy – Chairman and Managing Director	Qualifications: Bachelor of Science UNSW, MAusIMM Experience: Norman Kennedy was a founding director of PepinNini Minerals Limited and has been a board member since 2002. He was appointed Managing Director in February 2004 and has more than 25 years' experience in exploration program design and management in Australia and overseas. At various times he has been retained as an exploration consultant for companies such as WMC Resources, Caltex, CRA, Meekatharra Minerals Limited, Aurion Energy, NRG Flinders, Shell, BP and ABB Energy Ventures. He has been actively involved in the minerals exploration industry in South Australia for more than 25 years. He is a member of the South Australian Chamber of Mines and Energy (SACOME) and served on the Gawler Craton Infrastructure Committee. He is also a member of the Corporate Governance Committee. He is a non-executive Director of Altona Resources plc, a Director of Arckaringa Energy Pty Ltd, a Director of PepinNini Resources Pty Ltd, a non-executive Director of Eagle Gold Mines Limited and a Director of Rank Geological Services Pty Ltd.
Albert Harris – Non-Executive Director	Qualifications: M.Inst.M.C, F.Energy Institute Experience: Albert Harris joined the company as a director on January 31st, 2005. He has been involved in the international petroleum and resource industries for over 50 years. He has had senior management responsibility for exploration operations and development of major mineral and petroleum resource projects in Australia, West Africa, the Middle East and USA. He has been a director of Australian private and public companies for over 20 years. He is also a member of the Corporate Governance Committee, the Audit Committee and the Remuneration Committee. He is currently a director of Takoradi Ltd and Goldsearch Ltd which are both ASX listed public companies.
Rebecca Holland-Kennedy – Executive Director-Administration and Company Secretary	Qualifications: Bachelor of Science UNSW, MAusIMM, Bachelor of Arts(Humanities) Macquarie University Experience: Rebecca Holland-Kennedy was a founding director of PepinNini Minerals Limited and has been a board member and company secretary since 2002. She has more than 25 years' experience in exploration company administration and data management. She has held positions with Robertson Research, Macquarie University, NSW Department of Mines and Energy as well as acting as exploration and data management consultant to AGL, Amaz, BHP, AGIP, Shell, CRA, Caltex and Meekatharrra Mineral Limited. She is a Director of PepinNini Resources Pty Ltd, a Director of Arckaringa Energy Pty Ltd and a Director of Rank Geological Services Pty Ltd.
Christopher Lambert – Non-Executive Director	Experience: Mr Lambert was appointed a director of the company on October 12th 2006. He brings to the company financial and capital raising expertise and a close association with major investment institutions based in London and Asia. His financial background is predominantly commodity based specialising in base and precious metals. Over a period of 17 years, Mr Lambert headed up the London and global precious and base metals trading for Elders Finance Group, The Rural and Industries Bank of Western Australia, Barclays Bank and Prudential Securities (USA). During his time at these companies, he was responsible for the managing of global dealing operations in the world's major financial centres and structuring of corporate and project finance transactions for governments, central banks, industrial companies and mining houses. He currently holds the position of Chairman of Altona Resources Plc and holds directorships in Cue Energy plc, Eagle Gold Mines Limited, Eagle Gold Mines Pty Limited and Summit Resources plc.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Albert Harris	Takoradi Limited	Jan 1992 to present
	Goldsearch Limited	Oct 1995 to present
Christopher Lambert	Altona Resources Plc	Feb 2005 to present
	Braemore Resources Plc	Feb 2005 to present
	Cue Energy Plc	Mar 2006 to present
	Summit Resources Plc	Mar 2006 to present
Norman Kennedy	Altona Resources Plc	Sep 2005 to present

Directors' shareholdings

The following table sets out each director's relevant interest in shares, and rights or options in shares of the company as at the date of this report.

Directors	PepinNini Minerals Limited Fully paid ordinary shares (Number)	Share options (Number)
Norman Kennedy	9,500,000	-
Rebecca Holland-Kennedy	9,500,000	-
Albert Harris	949,334	-
Christopher Lambert	-	500,000

Christopher Lambert's 500,000 options were vested as at 30 June 2008 but were not yet exercised.

Share options granted to directors and senior management

During and since the end of the financial year an aggregate 1,100,000 share options were granted to the following directors and to the five highest remunerated officers of the company as part of their remuneration:

Directors and senior management	Number of options granted	Issuing entity	Number of ordinary shares under option
Chris Lambert	500,000	PepinNini Minerals Limited	500,000
Lachlan Rutherford	600,000	PepinNini Minerals Limited	600,000

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
PepinNini Minerals Limited	200,000	Ordinary	$1.30	31 January 2011
PepinNini Minerals Limited	200,000	Ordinary	$1.80	31 January 2011
PepinNini Minerals Limited	200,000	Ordinary	$2.30	31 January 2011
PepinNini Minerals Limited	500,000	Ordinary	$1.38	30 November 2010

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company or of any other body corporate or registered scheme.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
PepinNini Minerals Limited	500,000	Ordinary	40c	-
PepinNini Minerals Limited	5,325,000	Ordinary	20c	-

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 13 to 19**.**

Company secretary

The company secretary is Rebecca Holland-Kennedy. Her qualifications and experience have been detailed above.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 10 board meetings**,** 1 corporate governance**,** 1 remuneration committee meeting, and 2 audit committee meetings were held.

	Board of directors		Corporate governance committee		Audit committee		Remuneration Committee	
Directors	**Held**	Attended	Held	**Attended**	**Held**	Attended	**Held**	Attended
Norman Kennedy	10	10	1	1	N/A	N/A	N/A	N/A
Rebecca Holland-Kennedy	10	10	1	1	2	2	1	1
Albert Harris	10	10	N/A	N/A	2	2	1	1
Christopher Lambert	10	10	N/A	N/A	N/A	N/A	N/A	N/A

Remuneration report

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2008:

	30 June 2008 $'000	30 June 2007 $'000	30 June 2006 $'000	30 June 2005 $'000	30 June 2004* $'000
Revenue	2,103	471	117	53	9
Net profit / (loss) before tax	(12,399)	25,702	(410)	(321)	(155)
Net profit after tax	(10,718)	18,224	(518)	(321)	(155)
Attributable to members of PepinNini Minerals Limited	(5,487)	n/a	n/a	n/a	n/a

* PepinNini Minerals Limited adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2004, which resulted in various changes to its accounting policies from that date. The results for the year ended 30 June 2004 are reported in accordance with the Company's previous accounting policies as permitted under Australian accounting standards as applicable at that time.

	30 June 2008	30 June 2007	30 June 2006	30 June 2005	30 June 2004
Share price at start of year	$1.73	$0.36	$0.20	$0.16*	N/A*
Share price at end of year	$0.67	$1.73	$0.36	$0.20	N/A*
Interim dividend	-	-	-	-	-
Final dividend**	-	5 cps	-	-	-
Basic earnings per share	(8.2) cps	32.6 cps	(0.84) cps	(1.01) cps	(1.34) cps
Diluted earnings per share	(8.2) cps	30.7 cps	(0.84) cps	(1.01) cps	(1.34) cps

* PepinNini Minerals Limited listed on the Australian Stock Exchange on 15 April, 2005.

** Franked at 100% at the 30% corporate income tax rate. This dividend was declared after the 2007 balance date and hence was not included in the 2007 accounts.

During the 2008 year the company repurchased and cancelled 1,500,000 shares for $1,373,371, inclusive of associated costs

The remuneration report is set out under the following main headings:

(A) Principles used to determine the nature and amount of remuneration

(B) Details of remuneration

(C) Service agreements

(D) Share-based compensation

(E) Additional information.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

(A) Principles used to determine the nature and amount of remuneration

Directors' fees

The company's constitution states that Directors are to be paid out of Company funds as remuneration for their services; such sums accrue on a daily basis as the Company in general meeting determines to be divided among them as agreed, or failing agreement, equally. There is no relationship between directors' fees and company performance.

The Company at its Annual General Meeting in 2004 resolved to fix the annual aggregate amount of fees payable to its Directors at $125,000. No other amounts were paid to directors during the year.

Remuneration report (continued)

Directors' remuneration for their services as Directors is by a fixed sum and not a commission on a percentage of profits or operating revenue. It may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to Shareholders. There is provision for Directors who devote special attention to the business of the Company or who perform services which are regarded as being outside the scope of their ordinary duties as Directors, or who at the request of the Board engage in any journey on Company business, to be paid extra remuneration determined by the Board. Directors are also entitled to reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any Committee engaged in the Company's business.

Directors' retirement benefits
Any Director may be paid a retirement benefit as determined by the Board, consistent with the Corporations Act and the Listing Rules.

A Director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act. If such a Director does vote, his or her vote will be not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a General Meeting if permitted by the Corporations Act.

(B) Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures)* and specified executives of PepinNini Minerals Limited and the PepinNini Minerals Limited Group are set out in the following tables. The key management personnel of the Group are the directors of PepinNini Minerals Limited (see page 12 above) and those executives that report directly to the managing director being:

- Phil Clifford (Exploration Manager – PepinNini Minerals Limited)
- Phil Sutherland (General Manager PepinNini Minerals Limited resigned 31 July 2007)
- Lachlan Rutherford (Exploration Manager PepinNini Minerals Limited commenced employment 1 February 2008)

Key Management Personnel of Eagle Gold Mines Pty Ltd are

- Peter Davies (Chief Executive Officer – resigned 25 January 2008)
- Bob Markovich (Executive Director)

Key management personnel of the Group and other executives of the company and the Group

2008	Short-term employee benefits				Post employment benefit	Long-term benefits		Share-based payments	Total
Name	Cash salary and fees $	Cash bonus $	Non monetary benefits $	Other $	Super annuation $	Long service leave $	Termination benefits $	Options $	Total $
Directors									
Norman Kennedy	182,000	-	-	-	18,000	-	-	-	200,000
Rebecca Holland-Kennedy	99,864	-	-	-	14,862	-	-	-	114,726
Albert Harris	40,000	-	-	-	-	-	-	-	40,000
Christopher Lambert	40,000	-	-	-	-	-	-	231,809	271,809
Sub-total directors	361,864	-	-	-	32,862	-	-	231,809	626,535
Executives									
Phil Clifford (i)	118,586	5,000	-	-	11,651	-	-	-	135,237
Phil Sutherland (resigned 31 July 2007)	13,750	-	-	-	1,250	-	45,000	-	60,000
Lachlan Rutherford (commenced 1 February 2008)	45,833	-	-	-	4,125	-		64,355	114,313
Sub- total Executives	178,169	5,000	-	-	17,026	-	45,000	64,355	309,550
Total Key Management Personnel Compensation (Company)	540,033	5,000	-	-	49,888	-	45,000	296,164	936,085
Peter Davies (Chief Executive Officer – resigned 25 January 2008)	177,125	-	-	-	81,750	-	-	-	258,875
Bob Markovich – Executive Director	215,000	-	-	-	-	-	-	-	215,000
Total Key Management Personnel Compensation (Group)	932,158	5,000	-	-	131,638	-	45,000	296,164	1,409,960

(i) Phil Clifford's $5,000 bonus was of a discretionary nature.

Remuneration report (continued)

Key management personnel of the Group and other executives of the company and the Group

2007	Short-term employee benefits				Post employment benefits	Long-term benefits		Share-based payments	Total
Name	Cash salary and fees $	Cash bonus $	Non monetary benefits $	Other $	Super-annuation $	Long service leave $	Termination benefits $	Options $	Total $
Directors									
Norman Kennedy	182,000	-	-	-	18,000	-	-	-	200,000
Rebecca Holland-Kennedy	28,370	-	-	-	2,942	-	-	-	31,312
Albert Harris	32,500	-	-	-	-	-	-	29,678	62,178
Christopher Lambert	24,113	-	-	-	-	-	-	-	24,113
Sub-total directors	266,983	-	-	-	20,942	-	-	29,678	317,603
Executives									
Phil Clifford (i)	131,950	2,000	-	-	13,050	-	-	12,416	159,416
Phil Sutherland	79,511	-	-	-	7,228	-	-	-	86,739
Sub-total executives	211,461	2,000	-	-	20,278	-	-	12,416	246,155
Total key management personnel compensation (Group)	478,444	2,000	-	-	41,220	-	-	42,094	563,758

(i) Phil Clifford's $2,000 bonus was of a discretionary nature.

No director or member of senior management appointed during the period received any payments payments during the year other than those detailed above.

(C) Service agreements

Norman Kennedy (Managing Director) has a contract for service, details of which are outlined as follows:

- He is required to work four days a week;
- His current salary inclusive of superannuation is $200,000 per year;
- The contract commenced on 1 February 2004;
- Termination may be made by either party on providing six months' notice;
- Termination benefits payable upon termination to Mr Kennedy are six months' pay.

Rebecca Holland-Kennedy (Executive Director of Administration & Company Secretary) has a contract for service, details of which are outlined as follows:

- She is required to work four days a week;
- Her current salary inclusive of superannuation is $180,000 per year;
- Her contract commenced on 1 January 2008;
- Termination may be made by either party on providing six months' notice;
- Termination benefits payable upon termination to Mrs Holland-Kennedy are three months' pay.

Remuneration report (continued)

(D) Share-based compensation

Options

An employee share scheme has been established whereby PepinNini Minerals Limited may, at the discretion of management, grant options over the ordinary shares of PepinNini Minerals Limited to directors and executives as part of a remuneration package offered for employment. The options so issued are for nil consideration and have variable exercise prices and maturity dates, i.e. last date to exercise the options.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
(1) 30 November 2007	30 November 2007	30 November 2010	$1.38	$0.46
(2) 21 February 2008	1 July 2008	31 January 2011	$1.30	$0.29
(3) 21 February 2008	1 July 2009	31 January 2011	$1.80	$0.12
(4) 21 February 2008	1 July 2010	31 January 2011	$2.30	$0.01

Options granted under the plan carry no dividend or voting rights.

Each option is convertible into one ordinary share on exercise. Options may be exercised at any time from the date of vesting to the date of their expiry.

Details of options over ordinary shares in the company provided as remuneration to each director of PepinNini Minerals Limited and each of the key management personnel of the parent entity and the Group are set out below. Further information on the options is set out in note 35 to the financial statements.

(1) There are no further service or performance criteria that are required to be met before beneficial interest vests in the recipient.

(2) – (4) Options in this series are entitled to beneficial interest at vesting date only if the recipients continue to be employed by the company at that date.

Name	Number of options granted during the year		Number of options vested during the year	
	2008	2007	**2008**	2007
Directors of PepinNini Minerals Limited				
Norman Kennedy	-	-	**-**	-
Rebecca Holland-Kennedy	-	-	**-**	-
Albert Harris	-	-	**-**	1,000,000
Christopher Lambert	**500,000**	-	**500,000**	-
Other key management personnel of the Group				
Phil Clifford	-	-	**500,000**	500,000
Phil Sutherland(resigned 31 July 2007)	**-**	-	**-**	-
Lachlan Rutherford	**600,000**	-	**-**	-
Peter Davies(resigned 25 Jan 2008)	**-**	-	**-**	-
Bob Markovich	**-**	-	**-**	-

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2008 were within the ranges specified below. No comparatives have been provided, as there were no options issued in the prior year.

(a) options are granted for no consideration and either vest immediately or based on a required term of service (depending on the individual issuance terms). Vested options are exercisable for varying periods after vesting, the minimum being 2.5 years and the maximum being 3 years.

(b) exercise price: $1.30 to $2.30

(c) grant date: 30 November 2007 to 21 February 2008

(d) expiry date: 30 November 2010 to 31 January 2011

(e) share price at grant date: $0.88 - $1.11

(f) expected price volatility of the company's shares:64.08%

(g) expected dividend yield: 0%

(h) risk-free interest rate: 6.27% to 6.61%%

Remuneration report (continued)

Shares provided on exercise of remuneration options
Details of ordinary shares in the company provided as a result of the exercise of remuneration options to each director of PepinNini Minerals Limited and other key management personnel of the Group are set out below.

Name	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year	
		2008	2007
Directors of PepinNini Minerals Limited			
Norman Kennedy	22 November 2007	**1,000,000**	-
Rebecca Holland-Kennedy	22 November 2007	**1,000,000**	-
Albert Harris	17 July 2007	**250,000**	250,000
Albert Harris	29 November 2007	**500,000**	-
Other key management personnel of the Group			
Phil Clifford	13 July 2007	**500,000**	1,000,000
Phil Sutherland(resigned 31 July 2007)	-	**-**	-
Lachlan Rutherford	-	**-**	-
Peter Davies(resigned 25 Jan 2008)	-	**-**	-
Bob Markovich	-	**-**	-

The amounts paid per ordinary share by each director and other key management personnel on the exercise of options at the date of exercise were as follows:

Exercise date	Amount paid per share
13 July 2007	$0.40
17 July 2007	$0.20
22 November 2007	$0.20
29 November 2007	$0.20

No amounts are unpaid on any shares issued on the exercise of options.

(E) Additional information

Details of remuneration: cash bonuses and options
For each cash bonus and grant of options included in the tables on pages 15-16, the percentage of the available bonus or grant that was paid, or that vested or forfeited, in the financial year is set out below. No part of the bonuses is payable in future years. The only unvested options at 30 June 2008 are Lachlan Rutherford's, with one third each vesting on 1 July 2008, 1 July 2009 and 1 July 2010. No options will vest if the conditions are not satisfied (being continued employment by PepinNini Minerals Limited up to and including the vest date), hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

	Cash bonus	Options					
Name	Paid	Financial year granted	Vested	Forfeited	Financial years in which options may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
	%		%	%		$	$
Norman Kennedy	0%	2005	100	-	-	Nil	-
Rebecca Holland-Kennedy	0%	2005	100	-	-	Nil	-
Albert Harris	0%	2005	100	-	-	Nil	-
Chris Lambert	0%	2008	100		-	Nil	-
Phil Clifford	3%	2005	100	-	-	Nil	-
Lachlan Rutherford	0%	2008	0	-	2009 2010 2011	Nil	- 17,624 1,341

Remuneration report (continued)

Share-based compensation: Options

Further details relating to options are set out below.

Name	A Remuneration consisting of options	B Value at grant date $
Norman Kennedy	0%	N/A
Rebecca Holland-Kennedy	0%	N/A
Albert Harris	0%	N/A
Christopher Lambert	85%	231,809
Phil Clifford	0%	N/A
Phil Sutherland(resigned 31 July 2007)	0%	N/A
Lachlan Rutherford	56%	83,320

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

Of the options granted during the current financial year, none were exercised.

Shares under option

Unissued ordinary shares of PepinNini Minerals Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
30 November 2007	30 November 2010	$1.38	500,000
21 February 2008	31 January 2011	$1.30	200,000
21 February 2008	31 January 2011	$1.80	200,000
21 February 2008	31 January 2011	$2.30	200,000
			1,100,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Shares issued on the exercise of options

The following ordinary shares of PepinNini Minerals Limited were issued during the year ended 30 June 2008 on the exercise of options granted under the option plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
13 July 2007	$0.40	500,000
17 July 2007	$0.20	250,000
22 November 2007	$0.20	1,000,000
22 November 2007	$0.20	1,000,000
29 November 2007	$0.20	500,000
		3,250,000

Indemnification of officers and auditors

PepinNini Minerals Limited has entered into standard deeds of indemnity and access with each of the Directors. By these deeds, the Company has undertaken, consistent with the Corporations Act 2001, to indemnify each Director in certain circumstances and to maintain Directors' and officers' insurance cover in favour of the Director for seven years after the Director has ceased to be a Director. The Company has paid a premium for the period 13 October 2007 to 13 October 2008 to insure the Directors and officers of the Company. In accordance with the terms and conditions of the insurance policy, the amount of the premium paid has not been disclosed on the basis of confidentiality, which is permitted under section 300(9) of the Corporations Act 2001.

Proceedings on behalf of the company

There are no proceedings on behalf of the Company at the date of this report.

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.
No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

Details of amounts paid or payable to the auditor Deloitte Touche Tohmatsu for non-audit services provided during the year by the auditor are outlined in note 27 to the financial statements.
The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.
The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001.*

Auditor's independence declaration

The auditor's independence declaration is included on page 21 of the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Norman Kennedy
Director
Sydney, 29th September 2008

Deloitte.

Deloitte Touche Tohmatsu
ABN. 74 490 121 060

180 Lonsdale Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9208 7000
Fax: +61 (0) 3 9208 7001
www.deloitte.com.au

The Board of Directors
PepinNini Minerals Limited
96 Babbage Road
ROSEVILLE CHASE NSW 2069

29 September 2008

Dear Board Members

PepinNini Minerals Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of PepinNini Minerals Limited.

As lead audit partner for the audit of the financial statements of PepinNini Minerals Limited for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gerard Belleville

Gerard Belleville
Partner
Chartered Accountants

Index

Income statements
for the financial year ended 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Continuing operations					
Revenue	5	**2,103,250**	470,768	**6,940,120**	470,768
Other income	6	-	27,445,983	-	-
Expenses					
Depreciation expense	7	(19,755)	(74,298)	(19,755)	(74,298)
Salary & Employment costs	7	(951,612)	(244,927)	(709,164)	(244,958)
Operating expenses		(1,879,740)	(492,900)	(845,307)	(492,869)
Professional fees		(248,790)	(1,286,420)	(201,320)	(1,286,420)
Finance costs	7	(8,186,435)	(1,563)	(458)	(1,563)
Administration expenses		(39,103)	(33,000)	(16,805)	(33,000)
Legal fees		(171,674)	(78,682)	(171,674)	(78,682)
Impairment of investment in subsidiary		-	-	(1,425,687)	-
Impairment of plant & equipment		(3,000,000)	-	-	-
Other expenses		(5,000)	(3,399)	(64,643)	(3,399)
Total expenses		(14,502,109)	**(2,215,189)**	**(3,454,813)**	**(2,215,189)**
Profit / (Loss) before tax		(12,398,859)	**25,701,562**	**3,485,307**	**(1,744,421)**
Income tax benefit / (expense)	8	1,680,790	(7,477,680)	(95,186)	1,226,755
Profit / (Loss) for the year from continuing operations		(10,718,069)	18,223,882	**3,390,121**	(517,666)
Attributable to:					
Members of PepinNini Mineral Limited		(5,486,815)	18,223,882	3,390,121	(517,666)
Minority interest	24	(5,231,254)	-	-	-
		(10,718,069)	18,223,882	**3,390,121**	(517,666)
Earnings per share attributable to ordinary equity holders					
From continuing operations:					
Basic earnings / (loss) (cents per share)	34	(8.2)	32.6		
Diluted earnings / (loss) (cents per share)	34	(8.2)	30.7		

The above income statements should be read in conjunction with the accompanying notes.

Balance sheets
as at 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Current assets					
Cash and cash equivalents	9	15,445,538	33,381,787	15,412,871	33,381,787
Trade and other receivables	10	703,495	208,067	611,836	208,067
Other assets	11	-	105,000	-	105,000
Total current assets		**16,149,033**	**33,694,854**	**16,024,707**	**33,694,854**
Non-current assets					
Other receivables	10	4,200	4,200	15,361,079	165,139
Exploration expenditure	12	7,197,778	3,116,871	5,300,035	2,253,253
Exploration bonds	12	1,623,000	21,500	29,000	21,500
Resource / exploration potential	12	8,776,532	-	-	-
Mining information, agreements and data	12	774,000	-	-	-
Plant and equipment	13	7,046,016	1,023,551	1,044,443	1,023,551
Investments in subsidiaries	14	-	-	4,084,778	-
Total non-current assets		**25,421,526**	**4,166,122**	**25,819,335**	**3,463,443**
Total assets		**41,570,559**	**37,860,976**	**41,844,042**	**37,158,297**
Current liabilities					
Trade and other payables	15	1,896,385	437,978	575,892	437,978
Deferred income	16	-	176,225	-	176,225
Current tax liability	17	-	6,457,694	-	6,457,694
Provisions	18	78,196	42,081	78,196	42,081
Borrowings	19	14,810,945	-	28,507,771	18,297,953
Total current liabilities		**16,785,526**	**7,113,978**	**29,161,859**	**25,411,931**
Non-current liabilities					
Rehabilitation provision	20	1,921,953	-	-	-
Deferred tax liabilities	21	1,073,386	665,852	809,419	406,767
Total non-current liabilities		**2,995,339**	**665,852**	**809,419**	**406,767**
Total liabilities		**19,780,865**	**7,779,830**	**29,971,278**	**25,818,698**
Net assets		**21,789,694**	**30,081,146**	**11,872,764**	**11,339,599**
Equity					
Issued capital	22	13,111,366	12,666,719	13,111,366	12,666,719
Reserves	23(a)	290,756	137,392	296,164	137,392
Retained earnings	23(b)	8,329,845	17,277,035	(1,534,766)	(1,464,512)
		21,731,967	**30,081,146**	**11,872,764**	**11,339,599**
Equity attributable to equity holders of the parent		21,731,967	30,081,146	11,872,764	11,339,599
Minority interest	24	57,727	-	-	-
Total equity		**21,789,694**	**30,081,146**	**11,872,764**	**11,339,599**

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity for the financial year ended 30 June 2008

Consolidated	Fully paid ordinary shares $	Reserves $	Retained earnings $	Attributable to equity holders of the parent $	Minority interest $	Total $
Balance at 1 July 2006	**4,938,055**	**137,631**	**(946,847)**	**4,128,839**	-	**4,128,839**
Profit for the period	-	-	18,223,882	18,223,882	-	18,223,882
Total recognised income and expense	-	-	**18,223,882**	**18,223,882**	-	**18,223,882**
Recognition of share-based payments	-	42,094	-	42,094	-	42,094
Options transferred to ordinary shares (note 23 (a))	42,333	(42,333)	-	-	-	-
Issue of shares under share option plan (note 35)	1,166,667	-	-	1,166,667	-	1,166,667
Issue of shares	6,900,000	-	-	6,900,000	-	6,900,000
Share issue costs	(731,164)	-	-	(731,164)	-	(731,164)
Tax effect of equity share payment costs	350,828	-	-	350,828	-	350,828
Balance at 30 June 2007	**12,666,719**	**137,392**	**17,277,035**	**30,081,146**	-	**30,081,146**
Balance at 1 July 2007	**12,666,719**	**137,392**	**17,277,035**	**30,081,146**	-	**30,081,146**
Minority interests on acquisition of subsidiary	**-**	**-**	**-**	**-**	5,294,176	5,294,176
Loss for the period attributable to equity holders of the parent	**-**	**-**	(5,486,815)	(5,486,815)	-	(5,486,815)
Loss for the period attributable to minority interests	**-**	**-**	-	-	(5,231,254)	(5,231,254)
Total recognised income and expense	-	-	**(5,486,815)**	**(5,486,815)**	**(5,231,254)**	**(10,718,069)**
Effect of translating foreign currency amounts of subsidiary	-	(5,408)	**-**	(5,408)	(5,195)	(10,603)
Recognition of share-based payments (note 35)	-	296,164	-	296,164	-	296,164
Transfer from equity-settled employee benefits reserve (note 23 (a))	137,392	(137,392)	-	-	-	-
Issue of shares under share option plan (note 35)	1,265,155	-	-	1,265,155	-	1,265,155
Issue of shares on acquisition of tenements	522,522	-	-	522,522	-	522,522
Share buy-back and associated costs (note 22 (d))	(1,373,371)	-	-	(1,373,371)	-	(1,373,371)
Tax effect of share buyback costs	(2,051)	-	-	(2,051)	-	(2,051)
Share issue costs	(105,000)	-	-	(105,000)	-	(105,000)
Payment of dividends (note 25)	-	-	(3,460,375)	(3,460,375)	-	(3,460,375)
Balance at 30 June 2008	**13,111,366**	**290,756**	**8,329,845**	**21,731,967**	**57,727**	**21,789,694**

The above statements of changes in equity should be read in conjunction with the accompanying notes

Statements of changes in equity for the financial year ended 30 June 2008

Company	Fully paid ordinary shares $	Employee Benefits Reserve $	Retained earnings $	Total $
Balance at 1 July 2006	4,938,055	137,631	(946,846)	4,128,840
Loss for the period	-	-	(517,666)	(517,666)
Total recognised income and expense	**-**	**-**	**(517,666)**	**(517,666)**
Recognition of share-based payments (note 35)	-	42,094	-	42,094
Options transferred to ordinary shares (note 23 (a))	42,333	(42,333)	-	-
Issue of shares under share option plan	1,166,667	-	-	1,166,667
Issue of shares	6,900,000	-	-	6,900,000
Share issue costs	(731,164)	-	-	(731,164)
Tax effect of equity share payment costs	350,828	-	-	350,828
Balance at 30 June 2007	**12,666,719**	**137,392**	**(1,464,512)**	**11,339,599**
Balance at 1 July 2007	**12,666,719**	**137,392**	**(1,464,512)**	**11,339,599**
Profit for the period	-	-	3,390,121	3,390,121
Total recognised income and expense	**-**	**-**	3,390,121	3,390,121
Recognition of share-based payments (note 35)	-	296,164	-	296,164
Options transferred to ordinary shares (note 23 (a))	137,392	(137,392)	-	-
Issue of shares under share option plan	1,265,155	-	-	1,265,155
Issue of shares on acquisition of tenements	522,522	-	-	522,522
Share buy-back and associated costs (note 22 (d))	(1,373,371)	-	-	(1,373,371)
Tax effect of share buyback costs	(2,051)	-	-	(2,051)
Share issue costs	(105,000)	-	-	(105,000)
Payment of dividends (note 25)	-	-	(3,460,375)	(3,460,375)
Balance at 30 June 2008	**13,111,366**	**296,164**	**(1,534,766)**	**11,872,764**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statements
for the financial year ended 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Cash flows from operating activities					
Payments to suppliers and employees		(2,004,029)	(1,953,463)	(1,491,454)	(2,302,293)
Receipts in the course of business		94,060	-	136,866	-
Government grants received		80,000	-	80,000	-
Interest and other costs of finance paid	7	(490)	(1,563)	(458)	(1,563)
Income taxes paid		(6,139,725)	-	(6,139,725)	-
Net cash used in operating activities	33	**(7,970,184)**	**(1,955,026)**	**(7,414,771)**	**(2,303,856)**
Cash flows from investing activities					
Payment for purchase of subsidiary, net of cash acquired	30	(4,269,287)	-	(5,510,265)	-
Sale of asset		-	28,500,000	-	-
Interest received		1,559,920	470,768	1,474,427	470,768
Payment for exploration activities		(3,829,937)	(1,342,132)	(2,972,037)	(993,302)
Payments for property, plant and equipment		(380,690)	(1,051,087)	(379,120)	(1,051,087)
Loans issued to subsidiary parties		-	-	(120,879)	-
Net cash (used in)/provided by investing activities		**(6,919,994)**	**26,577,549**	**(7,507,874)**	**(1,573,621)**
Cash flows from financing activities					
Proceeds from issues of equity securities		1,787,675	6,416,667	1,787,475	6,416,667
Sinosteel equity		-	1,650,000	-	1,650,000
Advance from subsidiary		-	-	-	28,500,000
Payment for share issue costs		-	(731,164)	-	(731,164)
Payment for share buy-back and associated costs	22	(1,373,371)	-	(1,373,371)	-
Dividends paid	25	(3,460,375)	-	(3,460,375)	-
Net cash (used in) / provided by financing activities		**(3,046,071)**	**7,335,503**	**(3,046,271)**	**35,835,503**
Net increase in cash and cash equivalents		**(17,936,249)**	**31,958,026**	**(17,968,916)**	**31,958,026**
Cash and cash equivalents at the beginning of the financial year		**33,381,787**	**1,423,761**	**33,381,787**	**1,423,761**
Cash and cash equivalents at the end of the financial year	9	**15,445,538**	**33,381,787**	**15,412,871**	**33,381,787**

The above cash flow statements should be read in conjunction with the accompanying notes.

Note 1. General information

This financial report covers both the separate financial statements of PepinNini Minerals Limited as an individual entity (the "company" or "parent entity") and the consolidated financial statements for the consolidated entity consisting of PepinNini Minerals Limited and its subsidiaries (the "Group" or the "consolidated entity"). The financial report is presented in the Australian currency.

The company's registered office and its principal place of business are as follows:

Principal and Registered office:
96 Babbage Road
ROSEVILLE CHASE NSW 2069
T : +61 (0)2 9417 6212
F : +61 (0)2 9417 3043
Email : admin@pepinnini.com.au
Website : www.pepinnini.com.au

Exploration office:
56 Kathleen Street
TRIGG WA 6029
T: +61 (0)8 9246 4829
F: +61 (0)8 9246 4829

Operations office:
Level 1, 117 King William Street
ADELAIDE SA 5000
T : +61 (0)8 8218 5000
F : +61 (0)8 8218 5717
Email : admin@ppn-adelaide.com.au

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 29th September 2008. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.pepinnini.com.au

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of PepinNini Minerals Limited and the group complies with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is PepinNini Minerals Limited's functional and presentation currency.

Adoption of new and revised Accounting Standards
In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Statements (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2008 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 2(d)).

Intercompany transactions and balances between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of PepinNini Minerals Limited.

(ii) Joint ventures and associates
Details of the joint venture are set out in note 31.

(a) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale or the provision of services have been resolved.

Service income
Sales of drilling services are recognised in the accounting period in which the services are rendered.

Interest income
Interest income is recognised on a time proportion basis that takes into account the effective yield on the financial asset.

Note 2. Significant accounting policies (continued)

(b) Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

PACE refunds for exploration drilling activity within an exploration tenement which has not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves, has been recognised as deferred income and is offset against costs capitalised and will be recognised in profit and loss over the expected useful life of the exploration tenement asset concerned.

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount of tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

PepinNini Minerals Limited and its wholly-owned controlled entities have implemented the tax consolidation legislation. The head entity, PepinNini Minerals Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, PepinNini Minerals Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 8.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Note 2. Significant accounting policies (continued)

(d) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's shares of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiaries acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement or any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

For cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities or three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence hat the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Note 2. Significant accounting policies (continued)

(h) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit / (loss) in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertake of each area of interest to determine whether any impairment indicators exist and therefore the appropriateness of continuing to carry forward costs in relation to that area of interest.

(i) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on assets is calculated using the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Plant & equipment – 25% to 33%
- Field vehicles – 33%

Depreciation for assets used in exploration activities are capitalised rather than being expensed.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(e)). Additionally, if an asset's written down value reduces below $500, it is written off through the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 2. Significant accounting policies (continued)

(k) Financial liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivatives and derivatives embedded in financial assets or liabilities are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives which were held during the year did not qualify for hedge accounting. Changes in fair value were therefore recognised immediately in the income statement.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

If the effect is material, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the risks specific to the liability.

(i) Site restoration

Provision for site restoration is recognised when the land is disturbed. The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at balance date. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits.

Restoration costs are allocated to expense over the life of the related assets and are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimate of either the timing or amount of the reclamation and abandonment costs. The site restoration obligation is based on when the spending for an existing environmental disturbance and activity will occur. The company reviews, on an annual basis, unless otherwise deemed necessary, the site restoration obligation at each site.

Future reclamation costs for inactive mines are accrued based on management's best estimate at the end of each period of the costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing care, maintenance and monitoring costs. Changes in estimates at inactive mines are reflected in earnings in the period an estimate is revised.

(m) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised when it is probable that settlement will be required and they are capable of being measured reliably. Amounts recognised are in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Defined contribution plans

Contributions to defined contribution superannuation plans in respect of administrative employees are expensed as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available. Where an employee is involved in exploration activities, the contributions form part of the exploration and development expenditure capitalised for the period during which they occurred.

Note 2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(iii) Share-based payments
Share-based compensation benefits are provided to selected employees. The fair value of options granted is recognised as an employment benefit expense with a corresponding increase in equity. The fair value is measured at grant date and is recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(o) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

(q) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is PepinNini Minerals Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

(r) Reclassification

When the presentation of classification of items in the financial report is amended, comparative amounts are reclassified unless the reclassification is impractical.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*	AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

Note 2 Significant accounting policies (continued)

(t) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the company's financial report:

• Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101*.	A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements.

Note 2 Significant accounting policies (continued)

(t) Standards and Interpretations issued not yet effective (continued)

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the company:

- Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1 ,AASB 101, AASB 107, AASB 111, AASB 116, AASB 138 and Interpretations 1 & 2]*

  Applicable to annual reporting periods commencing on or after 1 January 2009. This standard will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

- AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations*

  AASB 2008-1 was issued in February 2008 and will become applicable for annual reporting periods beginning on or after 1 January 2009. The revised standard clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

- Revised AASB 3 *Business Combinations,* AASB 127 *Consolidated and Separate Financial Statements and* AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*

  Revised accounting standards for business combinations and consolidated financial statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009, but may applied earlier. The Group has not yet decided when it will apply the revised standards. However, the new rules generally apply only prospectively to transactions that occur after the application date of the standard. Their impact will therefore depend on whether the Group will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application. For example, under the new rules:

  - all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income;
  - all transaction costs will be expensed
  - any goodwill arising from future business combinations will be calculated based on the parent's share of net assets as well as that in relation to the non-controlling (minority) interest; and
  - when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.

- AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

  In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AABS 127 Consolidated and Separate Financial Statements. The new rules will apply to financial reporting periods commencing on or after 1 January 2009. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Furthermore, when a new intermediate parent entity is created in internal reorganizations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future, the results of which, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Restoration

The group recognises site restoration when land is disturbed in mining activities. The provision is a best estimate of the present value of the expenditure expected to be incurred in the future to remediate disturbed land. These cash flows are estimates of future expenditure discounted to current balance date values. Refer to note 20 for details of the impact of changes.

(ii) Financial liabilities

During the year, financial liabilities were subject to fair valuation. Some of these items were not traded in active markets and were therefore valued based on estimates of future cash flows. These cash flows are dependent on the gold price and discounting to determine current fair values. Refer to note 4 for details on the effect of changes in the gold price and interest rates.

(iii) Impairment

Assets held are subject to impairment in line with the accounting policy detailed in note 2(e). Determination of impairment requires significant judgement and estimation. In exercising this judgement the group evaluates, among other factors, the duration and extent to which fair value is less than carrying value.

In the 2008 financial report, the Group made a significant judgement about the impairment of plant and equipment owned by a subsidiary. Giving consideration to the financial position of the subsidiary at balance date, the recoverable amount of the plant and equipment in question was assessed as fair value less costs required to sell the assets. It was determined that a difference between the recoverable amount and the amount recorded by the Group existed. As a result, the plant and equipment was impaired by $3,000,000.

In the 2008 financial report, the parent entity made a significant judgement about the impairment of its investment in one of its subsidiaries, Eagle Gold Mines Limited. As a result of the plant and equipment referred to above being impaired, the net assets of the subsidiary were reduced below the parent's recorded investment. As a result, an impairment of $1,425,687 was recognised in the income statement, against the parent entity's investment in the subsidiary.

(iv) Reserves and resources

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. A regular review is undertaken of each area of interest to determine whether any impairment indicators exist and therefore the appropriateness of continuing to carry forward costs in relation to that area of interest.

(v) Key Sources of estimation uncertainty

As detailed in Note 32, the subsidiary entity Eagle Gold Mines Pty Ltd obtained financing by way of a gold loan for which a default notice has been issued by the financier with receivers appointed to this subsidiary subsequent to 30 June 2008. The receivers have indicated that they will conduct an asset realisation process in connection to Eagle Gold Mines Pty Ltd in order to satisfy the outstanding debt relating to the financing arrangement.

The assets of Eagle Gold Mines Pty Ltd are predominately exploration and mining assets located in Western Australia for which the PepinNini directors believe there will be significant interest by a number of parties. While an impairment of some of Eagle Gold Mines Pty Ltd assets has been recognised at 30 June 2008, as detailed in Note 3(iii), the directors believe there is sufficient value in other Eagle Gold Mines Pty Ltd assets to recover the value attributable to those assets in this financial report. The carrying value of the investment in Eagle Gold Mines Limited is $4,084,578 after recognising an impairment expense of $1,425,687.

The Eagle Gold Mines Pty Ltd assets have, however, passed to the control of the receiver and in light of this together with a period of significant global economic fluctuations, the ultimate recoverable value attributable to these assets in the coming financial year is subject to significant uncertainty and there is a significant risk of a material adjustment to the carrying amounts of assets and liabilities attributable to Eagle Gold Mines Limited within the next financial year.

4. Financial risk management

The Group's activities expose it to financial risks such as market risk (including currency risk and commodity price risk). Currency and commodity price risk arise from financial liabilities that are exposed to commodities price variances (gold price) and the US dollar which is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis of interest rate, foreign exchange and other price risks.

Risk management is carried out by the Board of Directors who provides principles for overall risk management, as well as policies covering specific areas, such as currency risk, commodity price risk, and liquidity.

The Group and the parent entity hold the following financial instruments:

	Consolidated		**Parent**	
	2008 **$**	2007 $	**2008** **$**	2007 $
Financial assets				
Cash and cash equivalents	15,445,538	33,381,787	15,412,871	33,381,787
Trade and other receivables	707,695	212,267	15,972,915	373,206
Investments in subsidiaries	-	-	4,084,778	-
	16,153,233	**33,594,054**	**35,470,564**	**33,754,993**
Financial liabilities				
Trade and other payables	1,896,385	437,978	575,912	437,978
Borrowings	14,810,945	-	28,507,771	18,297,953
	16,707,330	**437,978**	**29,083,683**	**18,735,931**

(a) Market risk

(i) Commodity Price risk

The Group is exposed to commodity price risk, due to financial liabilities of the Group being exposed to gold price fluctuations. The parent entity has no such exposure to commodity price risk, and the Group had no such exposure as at 30 June 2007.

Sensitivity analysis – gold price

Group sensitivity

At 30 June 2008, if the gold price was -/+ $10 from the year end spot rate with all other variables held constant, post tax profit for the year would have been $158,968 higher/lower (2007 – no change).

		Gold price movements			
		- $10		+ $10	
30 June 2008	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Borrowing	14,810,945	158,968	158,968	(158,968)	(158,968)

4. Financial risk management (continued)

(ii) Cash flow and fair value interest rate risk

As at 30 June 2007 and 30 June 2008, all of the Group's borrowings were non-interest bearing. The following table details the Group's and the company's exposure to interest rate risk on each class of financial instrument as at 30 June 2008:

Consolidated	30 June2008		30 June 2007	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Cash	4.06%	181,523	2.9%	78,894
At call deposits	7.15%	5,264,015	6.7%	33,302,893
Term deposits	7.52%	10,000,000	N/A	-
Trade and other receivables	N/A	707,695	N/A	212,267
Total financial assets		**16,153,233**		**33,594,054**
Trade creditors	N/A	1,896,385	N/A	437,978
Borrowings	N/A	14,810,945	N/A	
Total financial liabilities		**16,707,330**		**437,978** -

Company	30 June2008		30 June 2007	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Cash	4.06%	148,856	2.9%	78,894
At call deposits	7.15%	5,264,015	6.7%	33,302,893
Term deposits	7.52%	10,000,000	N/A	-
Trade and other receivables	N/A	15,972,915	N/A	373,206
Investments in subsidiaries	N/A	4,084,778	N/A	-
Total financial assets		**35,470,564**		**33,754,933**
Trade and other payables	N/A	575,912	N/A	437,978
Borrowings	N/A	28,507,771	N/A	18,297,953
Total financial liabilities		**29,083,683**		**18,735,931**

An analysis by maturities is provided in (c) below.

Sensitivity analysis – interest rates

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest bearing positions. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by management

Group and Company sensitivity

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

Consolidated		Interest rate risk			
		- 1.0%		+ 1.0%	
30 June 2008	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash	181,523	(1,815)	(1,815)	1,815	1,815
At call deposits	5,264,015	(52,640)	(52,640)	52,640	52,640
Term deposits	10,000,000	(100,000)	(100,000)	100,000	100,000
Trade and other receivables	707,695	-	-	-	-
Financial liabilities					
Trade payables	1,896,385				
Borrowings	14,810,945	-	-	-	-
Total increase/ (decrease)		(154,455)	(154,455)	154,455	154,455

4. **Financial risk management** (continued)

(ii) Cash flow and fair value interest rate risk (continued)

Consolidated		Interest rate risk			
		- 1.0%		+ 1.0%	
30 June 2007	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash	78,894	(789)	(789)	789	789
At call deposits	33,302,893	(333,029)	(333,029)	333,029	333,029
Trade and other receivables	212,267	-	-	-	-
Financial liabilities					
Trade payables	437,978	-	-	-	-
Total increase/ (decrease)		(333,818)	(333,818)	333,818	333,818

Parent		Interest rate risk			
		- 1.0%		+ 1.0%	
30 June 2008	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash	148,856	(1,489)	(1,489)	1,489	1,489
At call deposits	5,264,015	(52,640)	(52,640)	52,640	52,640
Term deposits	10,000,000	(100,000)	(100,000)	100,000	100,000
Trade and other receivables	15,972,915	-	-	-	-
Investments in subsidiaries	4,084,778	-	-	-	-
Financial liabilities					
Trade payables	575,912	-	-	-	-
Borrowings	28,507,771	-	-	-	-
Total increase/ (decrease)		(154,129)	(154,129)	154,129	154,129

Parent		Interest rate risk			
		- 1.0%		+ 1.0%	
30 June 2007	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash	78,894	(789)	(789)	789	789
At call deposits	33,302,893	(333,029)	(333,029)	333,029	333,029
Accounts receivable	373,206	-	-	-	-
Financial liabilities					
Trade payables	437,978	-	-	-	-
Borrowings	18,297,953	-	-	-	-
Total increase/ (decrease)		(333,818)	(333,818)	(333,818)	(333,818)

(iii) Foreign exchange risk

During the period, the Group acquired 51% of the share capital of Eagle Gold Mines Limited, which operates in Great Britain. The Group is therefore exposed to foreign exchange risk arising from transactions, assets and liabilities denominated in Great British Pounds. Additionally, another subsidiary of the Group holds borrowings subject to a gold price fluctuations denominated in US dollars. The Group's functional currency is Australian Dollars, and the risk of exposure to movements in the AUD/USD and AUD/GBP rates is measured using sensitivity analysis and cash flow forecasting. The carrying amount of the parent entity's financial assets and liabilities are all denominated in Australian dollars, and are therefore not exposed to any foreign exchange risk.

4. Financial risk management (continued)

(iii) Foreign exchange risk (continued)

The Group's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2008 GBP	30 June 2007 GBP	**30 June 2008 USD**	30 June 2007 USD
Trade and other payables	**53,538**	-	**-**	-
Borrowings	**-**	-	**14,810,945**	-

Sensitivity analysis – foreign exchange rates

Group sensitivity

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign exchange risk.

30 June 2008	Carrying amount $	Foreign exchange rate - 5% Profit $	- 5% Equity $	+ 5% Profit $	+ 5% Equity $
Financial assets					
Cash and cash equivalents	15,445,538	-	-	-	-
Trade and other receivables	707,695	-	-	-	-
Financial liabilities					
Trade payables	1,896,385	-	-	-	-
Borrowings	14,810,945	(778,315)	(778,315)	648,187	648,187
Total increase/ (decrease)		(778,315)	(778,315)	648,187	648,187

30 June 2007	Carrying amount $	Foreign exchange rate - 5% Profit $	- 5% Equity $	+ 5% Profit $	+ 5% Equity $
Financial assets					
Cash and cash equivalents	33,381,787	-	-	-	-
Accounts receivable	212,267	-	-	-	-
Financial liabilities					
Trade payables	437,978	-	-	-	-
Total increase/ (decrease)		-	-	-	-

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure on trade receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Customers are rated, and if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by management.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in the table below.

4. Financial risk management (continued)

(b) Credit risk (continued)

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Cash and cash equivalents				
Rating "A"	**15,445,538**	33,381,787	**15,412,871**	33,381,787
	15,445,538	33,381,787	**15,412,871**	33,381,787
Trade receivables				
Counterparties without external credit rating*	**204,108**	-	**204,108**	-
	204,108	-	**204,108**	-
Total trade receivables	**204,108**	-	**204,108**	-

* The trade receivables balance as at 30 June 2008 predominantly relates to a new customer (i.e. less than 6 months).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The tables below analyse the Group's and the parent entity's financial liabilities, into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group – At 30 June 2008	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	1,896,385	-	-	-	-	1,896,386	1,896,386
Borrowings	14,810,945	-	-	-	-	14,810,945	14,810,945
Total	16,707,330	-	-	-	-	16,707,331	16,707,331

Group – At 30 June 2007	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$	$	$	$	$	$	$
Trade and other payables	437,978	-	-	-	-	437,978	437,978
Borrowings	-	-	-	-	-	-	-
Total	437,978	-	-	-	-	437,978	437,978

4. Financial risk management (continued)

Parent – At 30 June 2008	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$	$	$	$	$	$	$
Trade and other payables	575,912	-	-	-	-	575,912	575,912
Borrowings	-	-	-	28,507,771	-	28,507,771	28,507,771
Total	575,912	-	-	28,507,771		29,083,683	29,083,683

Parent – At 30 June 2007	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$	$	$	$	$	$	$
Trade and other payables	437,978	-	-	-	-	437,978	437,978
Borrowings	-	-	-	-	18,297,953	-	18,297,953
Total	437,978	-	-	-	18,297,953	437,978	18,735,931

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

5. Revenue

An analysis of the Group's revenue for the year is as follows:

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Interest revenue:				
Bank deposits	1,873,114	470,768	1,787,621	470,768
	1,873,114	470,768	1,787,621	470,768
Other revenue:				
Drilling services (a)	220,374	-	220,374	-
Dividend revenue	-	-	4,924,887	-
Other revenue	9,762	-	7,238	-
	230,136	-	5,152,499	-
	2,103,250	**470,768**	**6,940,120**	**470,768**

(a) Drilling services

During the period the Group provided drilling services to Mithril Resources Limited. The drilling was performed in the Musgrave area of north west South Australia.

6. Other income

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Gain on disposal of tenement – 60% share of Crocker Well Uranium deposit to Sinosteel Corporation of China	-	27,445,983	-	-
	-	**27,445,983**	-	**-**

7. Expenses

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Profit before income tax includes the following specific expenses:					
Depreciation (a)					
Exploration field equipment		-	10,950	-	10,950
Drilling equipment		-	35,101	-	35,101
Office computer equipment		14,820	3,737	14,820	3,737
Field vehicles		-	23,741	-	23,741
Office equipment		4,935	769	4,935	769
Total depreciation expensed		**19,755**	**74,298**	**19,755**	**74,298**
Depreciation capitalised		336,670	-	336,670	-
Total depreciation		**356,425**	**74,298**	**356,425**	**74,298**
Salary & Employment costs					
Salaries & wages		587,204	189,724	364,565	189,755
On costs		68,244	13,109	48,435	13,109
Employee options expense		296,164	42,094	296,164	42,094
		951,612	**244,927**	**709,164**	**244,958**
Finance Costs					
Loss on default of financial liability	19	6,668,158	-	-	-
Interest on borrowings		890,989	-	-	
Net loss on revaluation of financial liabilities at fair value through profit or loss		626,798			
Other interest expense		490	1,563	458	1,563
Total finance costs		**8,186,435**	**1,563**	**458**	**1,563**

(a) During the year, depreciation expense in relation to exploration and development assets was capitalised as part of exploration expenditure. In the prior year no depreciation was capitalised because the company was not performing sufficient exploration activities to warrant capitalisation.

8 Income tax expense

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
(a) Income tax expense / (benefit)				
Current tax (benefit) / expense	(317,971)	6,539,524	(305,395)	-
Deferred tax (benefit) / expense	(1,362,819)	938,156	400,601	679,091
Tax losses previously unrecognised	-	` -	-	(1,905,846)
	(1,680,790)	7,477,680	**95,186**	(1,226,755)
Income tax expense (benefit) is attributable to:				
Profit from continuing operations	(1,680,790)	7,477,680	95,186	(1,226,755)
Profit from discontinued operations	-	-	-	-
Aggregate income tax expense / (benefit)	**(1,680,790)**	7,477,680	**95,186**	(1,226,755)
Deferred income tax expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 21)	(1,291,062)	272,304	(920,925)	272,324
(Decrease) increase in deferred tax liabilities (note 21)	(71,217)	665,852	1,321,526	406,767
	(1,362,819)	938,156	**400,601**	679,091

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
(Loss) / Profit from continuing operations before income tax expense	**(12,398,859)**	25,701,562	**3,485,307**	(1,744,421)
Tax at the Australian tax rate of 30% (2007 - 30%)	(3,719,658)	7,710,469	1,045,592	(523,326)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Dividend income	-	-	(1,477,466)	-
Carry forward tax losses	-	-	-	(1,093,513)
Employee options expense	88,849	-	88,849	12,628
Future fundraising costs deductions	-	81,691	-	(6,980)
Future employee provisions deductions	-	1,006	-	-
Mining exploration claimed not yet expensed	-	(282,453)	-	384,436
Sundry items	(14,978)	(33,033)	10,508	-
Deferred tax assets outside of tax consolidated group not recognised as not probable	1,964,997	(33,033)	427,703	-
Income tax (benefit) / expense	**(1,680,790)**	7,477,680	**95,186**	(1,226,755)
(c) Amounts recognised directly in equity				
Net deferred tax – debited directly to equity (note 21)	2,051	--	2,051	----
	2,051	--	**2,051**	-

8. Income tax expense (continued)

(d) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	9,294,813	-	-	-
Potential tax benefit @ 30%	**2,788,444**	-	**-**	-

All unused tax losses were incurred by Australian entities that are not part of the tax consolidated group.

(e) Tax consolidation legislation

PepinNini Minerals Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation from 1 September 2006. The accounting policy in relation to this legislation is set out in note 2(c).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, PepinNini Minerals Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate PepinNini Minerals Limited for any current tax payable assumed and are compensated by PepinNini Minerals Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to PepinNini Minerals Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

9 Cash and cash equivalents

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Cash and cash equivalents	15,441,775	33,381,785	15,409,110	33,381,785
Cash on hand	3,763	2	3,761	2
	15,445,538	**33,381,787**	**15,412,871**	**33,381,787**

10. Trade and other receivables

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Current				
Trade receivables	204,108	-	204,108	-
Sundry debtors	313,194	-	313,194	-
Allowance for doubtful debts	-	-	-	-
	517,302	-	517,302	-
Goods and services tax recoverable	186,193	208,067	94,534	208,067
Trade and other receivables	**703,495**	**208,067**	**611,836**	**208,067**
Non-Current				
Refundable bond	4,200	4,200	4,200	4,200
Amounts receivable from subsidiaries	-	-	15,416,522	160,939
Provision for impairment of receivable from subsidiary	-	-	(59,643)	-
Other receivables	**4,200**	**4,200**	**15,361,079**	**165,139**
	707,695	**212,267**	**15,972,915**	**373,206**

(a) Impaired trade receivables

As at 30 June 2008 no current trade receivables of the Group were impaired (2007 – nil). Amounts receivable from subsidiaries recorded by the Company include a $59,643 provision for impairment, due to a subsidiary being placed into receivership (refer to note 32).

(b) Past due but not impaired

As of 30 June 2008, no trade receivables were past due (2007 – nil). The other classes of receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

(c) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 4.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 4 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

11. Other assets

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Capital raising costs	-	105,000	-	105,000
	-	105,000	-	105,000

12. Capitalised Exploration expenditure, Resource / exploration potential, Environmental bonds and Mining information, agreements and data

	Consolidated		Company	
	2008	2007	2008	2007
Exploration expenditure	$	$	$	$
Non-current:				
Balance at the beginning of the year	3,138,731	2,850,256	2,274,753	2,850,256
Exploration expenditure capitalised	4,059,047	1,320,632	3,025,282	971,802
Transfer of tenements to subsidiaries	-	-	-	(1,568,805)
Cost of tenements disposed of	-	(1,054,017)	-	-
Balance at the end of the year	**7,197,778**	**3,116,871**	**5,300,035**	**2,253,253**
Environmental bonds				
Non-current:				
Balance at the beginning of the year	21,500	21,500	21,500	21,500
Amounts capitalised	1,601,500	-	7,500	-
Balance at the end of the year	**1,623,000**	**21,500**	**29,000**	**21,500**
Resource / exploration potential				
Non-current:				
Balance at the beginning of the year	-	-	-	-
Amounts capitalised through acquisition of subsidiary	8,776,532	-	-	-
Balance at the end of the year	**8,776,532**	**-**	**-**	**-**
Mining information, agreements and data				
Non-current:				
Balance at the beginning of the year	-	-	-	-
Amounts capitalised through acquisition of subsidiary	774,000	-	-	-
Balance at the end of the year	**774,000**	**-**	**-**	**-**

13. Plant and equipment

	Consolidated						
	Drilling Equipment $	Field Vehicles $	Field Equipment $	Mine Equipment $	Computer equipment $	Office Equipment $	Total $
At 1 July 2006							
Cost	-	43,627	17,095	-	11,468	-	72,190
Accumulated depreciation	-	(16,158)	(2,780)	-	(6,490)	-	(25,428)
Net book amount	-	27,469	14,315	-	4,978	-	46,762
Year ended 30 June 2007							
Opening net book amount	-	27,469	14,315	-	4,978	-	46,762
Additions	826,160	133,983	43,446	-	35,435	12,063	1,051,087
Depreciation charge	(35,101)	(23,741)	(10,950)	-	(3,737)	(769)	(74,298)
Closing net book amount	791,059	137,711	46,811	-	36,676	11,294	1,023,551
At 30 June 2007							
Cost	826,160	177,610	60,541	-	46,903	12,063	1,123,277
Accumulated depreciation	(35,101)	(39,899)	(13,730)	-	(10,227)	(769)	(99,726)
Net book amount	791,059	137,711	46,811	-	36,676	11,294	1,023,551
Year ended 30 June 2008							
Opening net book amount	791,059	137,711	46,811	-	36,676	11,294	1,023,551
Additions	36,092	116,182	187,989	-	23,491	16,936	380,690
Additions attributable to business combinations	-	-	-	9,000,000	-	-	9,000,000
Impairment charge	-	-	-	(3,000,000)	-	-	(3,000,000)
Depreciation charge	(244,887)	(55,747)	(37,836)	-	(14,821)	(4,934)	(358,225)
Closing net book amount	582,264	198,146	196,964	6,000,000	45,346	23,296	7,046,016
At 30 June 2008							
Cost	862,253	293,793	248,530	6,000,000	70,394	28,999	7,503,967
Accumulated depreciation	(279,989)	(95,647)	(51,566)	-	(25,048)	(5,703)	(457,951)
Net book amount	582,264	198,146	196,964	6,000,000	45,346	23,296	7,046,016

13. Plant and equipment (continued)

	Company					
	Drilling Equipment $	Field Vehicles $	Field Equipment $	Computer equipment $	Office Equipment $	Total $
At 1 July 2006						
Cost	-	43,627	17,095	11,468	-	72,190
Accumulated depreciation	-	(16,158)	(2,780)	(6,490)	-	(25,248)
Net book amount	-	27,469	14,315	4,978	-	46,762
Year ended 30 June 2007						
Opening net book amount	-	27,469	14,315	4,978	-	46,762
Additions	826,160	133,983	43,446	35,435	12,063	1,051,087
Depreciation charge	(35,101)	(23,741)	(10,950)	(3,737)	(769)	(74,298)
Closing net book amount	791,059	137,711	46,811	36,676	11,294	1,023,551
At 30 June 2007						
Cost	826,160	177,610	60,541	46,903	12,063	1,123,277
Accumulated depreciation	(35,101)	(39,899)	(13,730)	(10,227)	(769)	(99,726)
Net book amount	791,059	137,711	46,811	36,676	11,294	1,023,551
Year ended 30 June 2008						
Opening net book amount	791,059	137,711	46,811	36,676	11,294	1,023,551
Additions	36,092	116,182	184,617	23,490	16,936	377,317
Depreciation charge	(244,887)	(55,747)	(36,036)	(14,821)	(4,934)	(356,425)
Closing net book amount	582,265	198,146	195,392	45,345	23,296	1,044,443
At 30 June 2008						
Cost	862,253	293,793	246,958	70,393	28,999	1,502,396
Accumulated depreciation	(279,989)	(95,647)	(51,566)	(25,048)	(5,703)	(457,953)
Net book amount	582,264	198,146	195,392	45,345	23,296	1,044,443

Impairment loss

The impairment loss relates to assets owned by a subsidiary which was placed into receivership subsequent to 30 June 2008 (refer to note 32). Giving consideration to the financial position of the subsidiary at balance date, the recoverable amount of the plant and equipment in question was assessed as fair value less costs required to sell the assets. It was determined that a difference between the recoverable amount and the amount recorded by the Group existed. As a result, the plant and equipment was impaired by $3,000,000.

14. Investments in Subsidiaries

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Investment in Eagle Gold Mines Ltd *	-	-	4,084,578	-
Investment in PepinNini Resources Pty Ltd	-	-	100	-
Investment in PepinNini Resources Curnamona Pty Ltd	-	-	100	-
	-	-	4,084,778	-

* An impairment of $1,425,687 has been recognised on the investment in Eagle Gold Mines Limited

Name of subsidiary	Country of incorporation	Ownership interest 2008 %	Ownership interest 2007 %
PepinNini Resources Pty Ltd**	Australia	100	100
PepinNini Resources Curnamona Pty Ltd**	Australia	100	100
Eagle Gold Mines Limited	United Kingdom	51	-
Eagle Gold Mines Pty Ltd	Australia	51	-

The proportion of ownership interest is equal to the proportion of voting power held.

** These companies are members of the tax-consolidated group. PepinNini Minerals Limited is the head entity within the tax consolidated group.

PepinNini Minerals Limited also has a 40% interest in Sinosteel PepinNini Curnamona Management Pty Ltd, a company created so as to conduct jointly controlled operations with Sinosteel Corporation. Refer to note 31 for further information.

15. Trade and other payables

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Trade payables (i)	1,703,432	375,888	454,318	375,888
Goods and services tax payable	73,788	28	18,697	28
Sundry creditors and accruals	119,165	62,062	102,877	62,062
	1,896,385	**437,978**	**575,892**	**437,978**

(i) Trade payables are non-interest bearing and are usually settled on 30 day terms.

(a) Risk exposure

Information about the Group's and the parent entity's exposure to foreign exchange risk is provided in note 4.

16. Deferred Income

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Deferred revenue	-	176,225	-	176,225
	-	176,225	-	176,225

17. Current tax liability

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Current tax liability	-	6,457,694	-	6,457,694
	-	**6,457,694**	**-**	**6,457,694**

18. Current Provisions

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Current				
Employee benefits	78,196	42,081	78,196	42,081
	78,196	**42,081**	**78,196**	**42,081**

The current provision for employee benefits relates to annual leave entitlements accrued.

19. Borrowings

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Secured – at amortised cost				
Loans from:				
External parties (b)	14,810,945	-	-	-
Unsecured – at amortised cost				
Loans from:				
Subsidiaries	-	-	28,507,771	18,297,953
	14,810,945	**-**	**28,507,771**	**18,297,953**

(a)Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 4.

(b)Breach of loan agreement

During the financial year, a subsidiary experienced an unavoidable delay in finalising a business plan, which had been set as a requirement for one of its loans. The counterparty has subsequently requested accelerated repayment of the loan in its entirety. As at 30 June 2008 the loan has therefore been classified as a current liability. The cost associated with the accelerated repayment of the loan is $6,668,158, which has been recognised in the consolidated income statement. Subsequent to balance date the counterparty has appointed a receiver and manager to recover funds. For further details refer to note 32.

Repayment of this liability by Eagle Gold Mines Pty Ltd, an entity controlled by the parent at 30 June 2008 is limited to the recoverable value of the non-current assets of Eagle Gold Mines Pty Ltd.

20. Rehabilitation provision

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Provision for mine rehabilitation	1,921,953	-	-	-
	1,921,953	-	-	-

(a)Provision for mine rehabilitation

The rehabilitation provision is required to restore disturbed land around mine site areas to its original condition. A provision has been recognised of for the present value of the estimated expenditure required to rehabilitate affected areas.

(b) Movement in provision

Movements in the rehabilitation provision during the financial year are set out below:

	Rehabilitation provision $
Consolidated – 2008	
Non-current	
Carrying amount at start of year	-
Amounts recognised due to acquisition of subsidiary	1,731,192
Charged/(credited) to the income statement	190,761
Carrying amount at end of year	**1,921,953**

21. Non-current liabilities – Deferred tax liabilities / (assets)

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
The net deferred tax liability comprises temporary differences attributable to:				
Deferred tax assets:				
Fundraising costs	**(252,899)**	(272,304)	**(252,899)**	(272,304)
Provisions and accruals	**(51,192)**	(3,353)	**(44,909)**	(3,353)
Unused tax losses	**(3,702,007)**	-	**(898,774)**	-
Impairment of investment in subsidiary	**-**	-	**(427,703)**	-
Borrowings	**(1,653,284)**	-	**-**	-
Rehabilitation provision	**(576,586)**	-	**-**	-
Timing differences for which no deferred tax assets have been recognised	**1,964,997**	-	**427,703**	-
Deferred tax liabilities				
Interest revenue	**93,958**	-	**93,958**	-
Property, plant and equipment	**1,219,805**	-	**313,333**	-
Resource exploration / potential	**1,862,561**	-	**-**	-
Exploration costs	**2,168,033**	941,509	**1,598,710**	682,424
Total net deferred tax liabilities	**1,073,386**	665,852	**809,419**	406,767

Movements - Consolidated	**Capitalised exploration expenditure**	**Other**	**Total**
At 1 July 2006	-	-	-
Charged/(credited) to the income statement	941,509	(3,353)	938,156
Charged directly to equity	-	(272,304)	(272,304)
At 30 June 2007	941,509	(275,657)	665,852
Charged/(credited) to the income statement	1,226,524	(2,589,343)	(1,362,819)
Acquisition of subsidiary	1,862,560	(94,258)	1,768,302
Charged directly to equity	-	2,051	2,051
At 30 June 2008	4,030,593	(2,957,207)	1,073,386

Movements - Parent	**Capitalised exploration expenditure**	**Other**	**Total**
1 July 2006	-	-	-
Charged/(credited) to the income statement	682,424	(3,353)	679,091
Charged directly to equity	-	(272,304)	(272,304)
At 30 June 2007	682,424	(275,657)	406,767
Charged/(credited) to the income statement	916,286	(515,685)	400,601
Charged directly to equity	-	2,051	2,051
At 30 June 2008	1,598,710	(789,291)	809,419

22. Issued and paid up capital

(a) Share capital:

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
68,404,195 fully paid ordinary shares (2007: 63,382,499)	13,111,366	12,666,719	13,111,366	12,666,719
	13,111,366	**12,666,719**	**13,111,366**	**12,666,719**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b)Movements in share capital:

	2008 No.	2008 $	2007 No.	2007 $
Fully paid ordinary shares				
Balance at beginning of financial year	63,382,499	12,666,719	49,499,166	4,938,055
Less capital raising costs	-	-	-	(380,336)
Options converted to ordinary shares	5,825,000	1,402,547	5,583,333	42,333
Share issue costs	-	(105,000)	8,300,000	8,066,667
Share buy-back	(1,500,000)	(1,366,538)	-	-
Share buy-back costs	-	(6,833)	-	-
Tax effect of share buy-back costs	-	(2,051)	-	-
Shares issued on acquisition of tenements	696,696	522,522	-	-
Balance at end of financial year	**68,404,195**	**13,111,366**	**63,382,499**	**12,666,719**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(c) Share options granted under the executive share option plan

During the year, PepinNini Minerals Limited issued 5,825,000 ordinary shares for $1,265,155 on exercise of 5,825,000 share options issued to original shareholders from full paid options and under its executive share option plan. As a result of this share issued, $137,392 was transferred from the equity-settled employee benefits reserve to issued capital.

During the year, PepinNini Minerals Limited issued 1,100,000 share options (2006: nil) over ordinary shares under its executive share option plan. These share options had a fair value at grant date of $315,129 (2006: nil). For further details on share options issued under the executive share option plan, refer to the Remuneration Report within the Directors' Report on pages 13 to 19.

(d) Share buy-back

During January and February 2008, the company purchased and cancelled 1,500,000 ordinary shares on-market in order to simplify the company's capital structure. The shares were acquired at an average price of $0.91, with prices ranging from $0.80 to $1.00. The total cost of $1.373 million (including $6,833 of after-tax incidentals), was deducted from shareholder equity.

(e) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry and the prior year, the Group and the parent entity monitor capital to ensure the company has appropriate cash and cash equivalents available to meet projected operational, investing and financing cash flow needs.

23. Reserves and retained profits

(a) Reserves

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Equity-settled employee benefits (a)	296,164	137,392	296,164	137,392
Foreign currency translation reserve (b)	(5,408)	-	-	-
	290,756	**137,392**	**296,164**	**137,392**

(a) The equity-settled employee benefits reserve is used to recognise the fair value at grant date of share options granted to executives and senior employees. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

(b) The foreign currency translation reserve is used to record exchange movements relating to the translation of PepinNini Minerals Limited's foreign subsidiary, Eagle Gold Mines Limited, which operates in Great Britain.

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Equity-settled employee benefits				
Balance at beginning of financial year	137,392	137,631	137,392	137,631
Employee options exercised	(137,392)	(42,333)	(137,392)	(42,333)
Employee options granted	296,164	42,094	296,164	42,094
Balance at end of financial year	**296,164**	**137,392**	**296,164**	**137,392**
Foreign currency translation reserve				
Balance at beginning of financial year	-	-	-	-
Effect of movements in foreign currency	10,604	-	-	-
Portion attributable to minority interest	(5,196)	-	-	-
Balance at end of financial year	**5,408**	**-**	**-**	**-**

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Balance at beginning of financial year	17,277,035	(946,847)	(1,464,512)	(946,846)
Net (loss) / profit attributable to members of the parent entity	(5,486,815)	18,223,882	3,390,121	(517,666)
Dividends provided for or paid (note 25)	(3,460,375)	-	(3,460,375)	-
Balance at end of financial year	**8,329,845**	**17,277,035**	**(1,534,766)**	**(1,464,512)**

24. Minority interest

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Interest in:				
Share capital	5,294,176	-	-	-
Reserves	(5,195)	-	-	-
Retained profits	(5,231,254)	-	-	-
	57,727	**-**	**-**	**-**

25. Dividends

	Company 2008 $	Company 2007 $
Final dividend for the year ended 30 June 2007 of 5 cents per fully paid ordinary share paid on 17 December 2007 (fully franked based on tax paid @ 30%)	3,460,375	-
	3,460,375	**-**

There has been no dividend recommended by the directors since year end.

26. Key management personnel compensation

(a) Directors

The following persons were directors of PepinNini Minerals Limited during the financial year:

- Norman Kennedy – Chairman & Managing Director
- Rebecca Holland-Kennedy – Director & Company Secretary
- Albert Harris – Director
- Christopher Lambert – Director

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
Philip Clifford	Exploration Manager	PepinNini Minerals Limited
Philip Sutherland (resigned 31 July 2007)	General Manager	PepinNini Minerals Limited
Lachlan Rutherford (commenced 1 February 2008)	Exploration Manager	PepinNini Minerals Limited
Peter Davies(resigned 25 Jan 2008)	Chief Executive Officer	Eagle Gold Mines Pty Ltd
Bob Markovich	Executive Director	Eagle Gold Mines Pty Ltd

All of the above persons were also key management persons during the year ended 30 June 2007, except for Lachlan Rutherford who commenced employment with the Group on 1 February 2008. Philip Sutherland was (General Manager) was a key management person in the year ended 30 June 2007.

(c) Key management personnel compensation

	Consolidated		Parent	
	2008 $	2007 $	**2008 $**	2007 $
Short-term employee benefits	937,158	480,444	545,033	480,444
Post-employment benefits	131,638	41,220	49,888	41,220
Long-term benefits	**-**	-	**-**	-
Termination benefits	45,000	-	45,000	-
Share-based payments	296,164	42,094	296,164	42,094
	1,409,960	**563,758**	**936,085**	**563,758**

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on pages 17 to 18.

(ii) Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of PepinNini Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below:

26. Key management personnel compensation (continued)

2008 Name	Balance at start of the year (#)	Granted as compen-sation (#)	Exercised (#)	Other changes (#)	Balance at end of the year (#)	Vested and exercisable (#)	Unvested (#)
Directors of PepinNini Minerals Limited							
Norman Kennedy	1,000,000	-	(1,000,000)	-	-	-	-
Rebecca Holland-Kennedy	1,000,000	-	(1,000,000)	-	-	-	-
Albert Harris	750,000	-	(750,000)	-	-	-	-
Christopher Lambert	-	500,000	-	-	500,000	500,000	-
Other key management personnel of the Group							
Philip Clifford	500,000	-	(500,000)	-	-	-	-
Philip Sutherland (resigned 31 July 2007)	-	-	-	-	-	-	-
Lachlan Rutherford	-	600,000	-	-	600,000	-	600,000
Peter Davies(resigned 25 Jan 2008)	-	-	-	-	-	-	-
Bob Markovich	-	-	-	-	-	-	-

All vested options are exercisable at the end of the year.

2007 Name	Balance at start of the year (#)	Granted as compensati on (#)	Exercised (#)	Other changes (#)	Balance at end of the year (#)	Vested and exercisable (#)	Unvested (#)
Directors of PepinNini Minerals Limited							
Norman Kennedy	3,000,000	-	(2,000,000)	-	1,000,000	1,000,000	-
Rebecca Holland-Kennedy	3,000,000	-	(2,000,000)	-	1,000,000	1,000,000	-
Albert Harris	1,000,000	-	(250,000)	-	750,000	750,000	-
Christopher Lambert	-	-	-	-	-	-	-
Other key management personnel of the Group							
Philip Clifford	1,500,000	-	(1,000,000)	-	500,000	500,000	-
Philip Sutherland (resigned 31 July 2007)	-	-	-	-	-	-	-

(iii) Share holdings

The numbers of shares in the company held during the financial year by each director of PepinNini Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2008 Name	Balance at the start of the year #	Received during the year on the exercise of options #	Other changes during the year #	Balance at the end of the year #
Directors of PepinNini Minerals Limited				
Ordinary shares				
Norman Kennedy	8,515,000	1,000,000	-	9,515,000
Rebecca Holland-Kennedy	8,515,000	1,000,000	-	5,515,000
Albert Harris	250,000	750,000	-	1,000,000
Christopher Lambert	-	-	-	-
Other key management personnel of the Group				
Ordinary shares				
Philip Clifford	750,000	500,000	-	1,250,000
Philip Sutherland (resigned 31 July 2007)	-	-	-	-
Lachlan Rutherford	-	-	-	-
Peter Davies(resigned 25 January 2008)	-	-	-	-
Bob Markovich	-	-	-	-

2007 Name	Balance at the start of the year #	Received during the year on the exercise of options #	Other changes during the year #	Balance at the end of the year #
Directors of PepinNini Minerals Limited				
Ordinary shares				
Norman Kennedy	7,015,000	2,000,000	(500,000)	8,515,000
Rebecca Holland-Kennedy	7,015,000	2,000,000	(500,000)	8,515,000
Albert Harris	-	250,000	-	250,000
Christopher Lambert	-	-	-	-
Other key management personnel of the Group				
Ordinary shares				
Philip Clifford	165,099	1,000,000	(415,099)	750,000
Philip Sutherland (resigned 31 July 2007)	-	-	-	-

26. Key management personnel compensation (continued)

(e) Other transactions with key management personnel

In the current reporting period, Rank Geological Services Pty Ltd received fees totalling $111,988 (2007: $192,252) for reimbursement of exploration costs and expenses and for the supply of office and computer facilities, financial administration, geological and technical plan generation, administration and Company secretarial services of Rebecca Holland-Kennedy. The services purchased are made under normal terms and conditions. At reporting date $2,052 (2007: $13,840) remained payable.

Bemex Pty Ltd of which Bob Markovich is a director were paid $135,763 for the provision of office, administration services & reimbursable expense to Eagle Gold Mines Pty Ltd together with $258,875 paid for the executive services of Bob Markovich. At reporting date $264,022 remained payable(2007:0)

27. Remuneration of auditors

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Auditor of the parent entity				
Audit and review of the financial reports	82,885	26,500	82,885	26,500
Preparation of the tax return	15,225	12,500	15,225	12,500
Other non-audit services	1,200	-	1,200	-
	99,310	**39,000**	**99,310**	**39,000**
Previous auditor William Buck				
Audit or review of the financial report	-	1,050	-	1,050
Preparation of the tax return	-	28,050	-	28,050
Other non-audit services :	-		-	
AGM attendance and resignation		3,273		3,273
Review of Sinosteel agreement		2,887		2,887
	-	**35,260**	-	**35,260**

The auditor of PepinNini Minerals Limited is Deloitte Touche Tohmatsu.

28. Commitments for expenditure

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Capital expenditure commitments				
Granted exploration tenement statutory expenditure commitments, payable:				
Not longer than 1 year	3,388,737	495,000	935,000	415,000
Longer than 1 year and not longer than 5 years	4,141,678	2,000,000	1,645,000	2,000,000
Longer than 5 years	-	-	-	-
	7,530,415	**2,495,000**	**2,580,000**	**2,415,000**
Plant and equipment, payable:				
Not longer than 1 year	5,040	-	5,040	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	5,040	-	**5,040**	-
Other commitments, payable:				
Not longer than 1 year	5,000	-	5,000	-
Longer than 1 year and not longer than 5 years	20,000	-	20,000	-
Longer than 5 years	-	-	-	-
	25,000	-	**25,000**	-

29. Related party transactions

(a) Subsidiaries
Interests in subsidiaries are set out in note 14.

(b) Key management personnel
Disclosures relating to key management personnel are set out in note 26.

(c) Transactions with related parties
Transactions with Rank Geological Services Pty Ltd and Bemex Pty Ltd have been disclosed in note 26(e). During the year, PepinNini Minerals Limited also received $15,781 in rent and reimbursement of expenses from Arckaringa Energy Pty Ltd.

As at 30 June 2008, Alexander George William Kennedy and Luis Fernando Norman Kennedy, who are related to directors of PepinNini Minerals Limited, each owned 1,000,000 shares.

(d) Loans to/from related parties

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$	$	**$**	$
Loans to subsidiaries				
Loans to subsidiaries	**-**	-	**15,356,879**	160,939
Loans from subsidiaries				
Loans from subsidiaries	**-**	-	**28,507,771**	18,297,953

A provision of $59,643 has been raised in relation to amounts receivable from subsidiaries.

(e) Terms and conditions
Transactions relating to dividends and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.
The terms and conditions of the tax funding agreement are set out in note 8(e). All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties.
Outstanding balances are unsecured and are repayable in cash.

30. Acquisition of subsidiary

(a) Summary of acquisition

On 12 December 2007, the Group acquired 51% of the issued share capital of Eagle Gold Mines Limited for cash consideration of $5,500,000. Eagle Gold Mines Limited own gold production equipment and JORC compliant gold resources in the Peak Hill Goldfield of Western Australia and intends to be a gold producer within 12 months. In addition, Eagle Gold Mines Limited holds exploration tenements in the Robinson range area of Western Australia which are highly prospective for iron ore and manganese and exploration is planned. This transaction has been accounted for using the acquisition method of accounting.

The acquired business contributed $88,017 revenues and a net loss of $10,676,028 to the Group for the period from 12 December 2007 to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue would have remained unchanged, and the consolidated loss for the year ended 30 June 2008 would have been $11,655,766.

The net assets acquired in the business combination (resulting in zero goodwill), are as follows:

	$
Purchase consideration (refer to (b) below):	
Cash paid	5,500,000
Direct costs relating to the acquisition	10,265
Total purchase consideration	5,510,265
Fair value of net identifiable assets acquired (refer to (c) below)	**5,510,265**
Goodwill (refer to (c) below)	-

(b) Purchase consideration

	Consolidated & Parent 2008 $
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	5,510,265
Less: cash acquired	(1,240,978)
Outflow of cash	**4,269,287**

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $	Fair value adjustments $	Fair value $
Cash	1,240,978	-	1,240,978
Trade and other receivables	1,650,760	-	1,650,760
Property, plant and equipment	9,000,000	-	9,000,000
Resource / Exploration Potential	8,776,532	-	8,776,532
Mining information, agreements & data	774,000	-	774,000
Trade payables	(513,335)	-	(513,335)
Financial liabilities	(6,625,000)	-	(6,625,000)
Rehabilitation provision	(1,731,192)	-	(1,731,192)
Deferred tax liabilities	(1,768,302)	-	(1,768,302)
Net assets	**10,804,441**	**-**	**10,804,441**
Minority interests (49%)			(5,294,176)
Net identifiable assets acquired			**5,510,265**

The fair value of assets and liabilities acquired are based on discounted cash flow models. No acquisition provisions were created. There were no acquisitions in the year ending 30 June 2007.

The transaction gave rise to the Company recognising financial liabilities related to borrowings and an associated embedded derivative. These were recognised in accordance with the accounting policy detailed in note 2.

30. Acquisition of subsidiary (continued)

The information disclosed within the 31 December 2007 half-year financial report included provisional data in respect of the acquisition of Eagle Gold Mines Limited. Since the finalisation of the half-year report, revisions have been made to some accounting and tax bases of assets and liabilities acquired, as a result of additional information pertinent to the acquisition coming to light. A comparison of amounts disclosed at 31 December and the final adjusted figures has been performed below.

	Fair value disclosed in 31 December 2007 half-year report	Adjusted fair value	Difference
	$	$	$
Cash	1,240,978	1,240,978	-
Trade and other receivables	1,650,760	1,650,760	-
Property, plant and equipment	9,000,000	9,000,000	-
Resource / Exploration Potential	9,931,667	8,776,532	(1,155,135)
Mining information, agreements & data	774,000	774,000	-
Trade payables	(513,335)	(513,335)	-
Financial liabilities	(6,867,192)	(6,625,000)	242,192
Rehabilitation provision	(1,850,895)	(1,731,192)	119,703
Deferred tax liabilities	(2,561,542)	(1,768,302)	793,240
Net Assets	**10,804,441**	**10,804,441**	
Minority interests	(5,294,176)	(5,294,176)	
Net identifiable assets acquired	**5,510,625**	**5,510,625**	

31. Interests in joint ventures

PepinNini Minerals Limited completed a sale of 60% of certain tenements to Sinosteel Corporation in June 2007. In conjunction with the sale, the Company agreed to conduct jointly controlled operations through Sinosteel PepinNini Curnamona Management Pty Ltd, an operation in which it has a 40% interest.

During the year, PepinNini Minerals Limited incurred no expenditure or costs in relation to this venture due to an agreement with Sinosteel Corporation, JV partner, who is incurring these items for the first two years of the venture.

The Group is a venturer in the following jointly controlled operations and assets:

Name of venture	Principal activity	Output interest 2008 %	Output interest 2007 %
Uranium Resource and Mineral Resources Joint Venture	Management and operation of development of Crocker Well and Mt Victoria uranium deposits and explore for other commodities	40	40

Contingent liabilities and capital commitments

There were no contingent liabilities arising from the Group's interests in joint ventures. The following capital expenditure commitments relate to the Uranium Resource and Mineral Resources Joint Venture, which are included within the consolidated figures disclosed in note 28:

	2008 $
(a) Capital expenditure commitments	
Granted exploration tenement statutory expenditure commitments, payable:	
Not longer than 1 year	350,000
Longer than 1 year and not longer than 5 years	350,000
Longer than 5 years	-
	700,000

32. Events occurring after the balance sheet date

At balance date the group held a 51% interest in Eagle Gold Mines Limited. During the 2008 financial year, Eagle Gold Mines Pty Limited, a wholly owned Australian subsidiary of Eagle Gold Mines Limited, obtained financing for its Peak Hill Gold Project and Fortnum Gold Mine by way of a gold loan. This gold loan was called by its counterparty on 30 June 2008 due to an alleged technical breach in the loan agreement (refer to note 19 for further information).

On 8 July 2008, Eagle Gold Mines Pty Limited was placed into receivership by the counterparty. As a result, the effective control of Eagle Gold Mines Pty Limited is expected to pass to the appointed receivers, and as a result is expected to be deconsolidated from the Group effective 8 July 2008.

The Company is assessing its options regarding the project and its 51% interest in the issued share capital of Eagle Gold Mines Limited. Following an invitation by the receivers PepinNini is submitting an expression of interest to submit a proposal to acquire some or all of the assets of Eagle Gold Mines Pty Limited.

(a) Financial performance and cash flow information

During the 2008 financial year, the Eagle Gold Mines Pty Limited contributed the following to the financial performance of the PepinNini Minerals Limited Group:

	2008 $	2007 $
Revenue	**88,017**	-
Expenses	**(12.532,345)**	-
Loss before income tax	**(12,444,328)**	-
Income tax benefit	**1,768,303**	-
Loss after income tax	**(10,676,025)**	-

(b) Carrying amounts of assets and liabilities

The carrying amounts of Eagle Gold Mines Pty Limited assets and liabilities as at 30 June 2008 were:

	$
Cash	**24,555**
Property, plant and equipment	**6,000,000**
Receivables	**91,476**
Mining information, agreements and data	**774,000**
Exploration potential	**8,776,532**
Exploration bonds	**1,594,000**
Exploration expenditure	**970,131**
Total assets	**18,230,694**
Trade and other creditors	**(1,320,346)**
Borrowings	**(14,810,945)**
Rehabilitation provision	**(1,921,953)**
Total liabilities	**(18,053,244)**
Net assets	**177,450**

While no further details are yet known, management are confident that the above assets are recoverable and liabilities are presented at fair value. The management are are confident that the investment in the Eagle Gold Mines Group remains recoverable. For further details refer to note 3(v).

33. Reconciliation of profit after income tax to net cash outflow from operating activities and non-cash activities

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$	$	**$**	$
(Loss) / Profit for the year	(10,718,069)	18,223,882	3,390,121	(517,666)
Non-cash items				
Depreciation expensed	19,755	74,298	19,755	74,298
Non-cash employee benefits expense – share-based payments	296,164	42,094	296,164	42,094
Accrued interest revenue on term deposit	(313,194)	-	(313,194)	-
Impairment of investment in subsidiary	-	-	1,425,687	-
Impairment of plant and equipment	3,000,000	-	-	-
Rehabilitation costs	190,761	-	-	-
Loss on extinguishment of financial liabilities	6,668,158	-	-	-
Revaluation of financial liabilities at fair value through profit and loss	626,798	-	-	-
Accrued interest on borrowings	890,989	-	-	-
Expenditure on behalf of subsidiary	-	-	-	(352,134)
Gain on sale of tenements	-	(27,445,983)	-	-
Effect of tax consolidation	-	350,828	-	(8,019,216)
Dividends received and receivable	-	-	(4,924,887)	-
Other non-cash items	69,396	-	151,787	-
Items not classified as operating				
Interest income	(1,559,920)	(470,768)	(1,474,427)	(470,768)
Changes in net assets and liabilities				
(Increase) / decrease in assets:				
Trade and other receivables	(125,474)	(175,791)	(90,612)	(175,791)
Other assets	-	(7,076)	-	(7,076)
Increase / (decrease) in liabilities:				
Trade and other payables	945,077	318,767	138,110	318,767
Deferred income	(176,225)	-	-	-
Deferred tax liability	(1,362,821)	665,852	402,652	406,767
Current tax liability	(6,457,694)	6,457,694	(6,457,694)	6,457,694
Provisions	36,115	11,177	21,767	11,177
Net cash outflow from operating activities	**(7,970,184)**	(1,955,026)	**(7,414,771)**	(2,303,856)

34. Earnings per share

	Consolidated 2008 Cents	Consolidated 2007 Cents
(a) Basic earnings per share		
(Loss) / Profit from continuing operations attributable to the ordinary equity holders of the company	**(8.2)**	32.6
(b) Diluted earnings per share		
(Loss) / Profit from continuing operations attributable to the ordinary equity holders of the company	**(8.2)**	30.7

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated 2008 $	Consolidated 2007 $
Basic earnings per share		
(Loss) / Profit from continuing operations	(10,718,069)	18,223.882
(Loss) from continuing operations attributable to minority interests	(5,231,254)	-
(Loss) / Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(5,486,815)**	18,223,882
Diluted earnings per share		
(Loss) / Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(5,486,815)	18,223,882
Adjustments made to earnings	-	-
(Loss) / Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**(5,486,815)**	18,223,882

(d) Weighted average number of shares used as the denominator

	Consolidated 2008 Number	Consolidated 2007 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	66,852,239	55,922,225
Adjustments for calculation of diluted earnings per share:		
Options	**507,104**	3,511,047
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**67,359,343**	59,433,272

(1) Potential ordinary shares are not treated as dilutive as to do so would reduce the loss per share for the 2008 financial year

35. Share-based payments

An employee share scheme has been established where PepinNini Minerals Limited may, at the discretion of management, grant options over the ordinary shares of PepinNini Minerals Limited to directors and executives as part of a remuneration package offered for employment. The options so issued are for nil consideration and have variable exercise prices and maturity dates, i.e. last date to exercise the options. The details of the options are outlined below.

Each employee share option converts into one ordinary share of PepinNini Minerals Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent – 2008								
15/02/2005	09/12/2007	$0.20	750,000	-	(750,000)	-		
13/05/2005	31/12/2007	$0.40	500,000	-	(500,000)	-	-	-
30/11/2007	30/11/2010	$1.38	-	500,000	-	-	500,000	
21/02/2008	31/01/2011	$1.30	-	200,000	-	-	200,000	-
21/02/2008	31/01/2011	$1.80	-	200,000	-	-	200,000	-
21/02/2008	31/01/2011	$2.30	-	200,000	-	-	200,000	-
Total			1,250,000	1,100,000	(1,250,000)	-	1,100,000	-
Weighted average exercise price			$0.40	$1.61	$0.28	$0.00	$1.61	$0.00
Consolidated and parent – 2007								
15/02/2005	09/12/2007	$0.20	1,000,000	-	(250,000)	-	750,000	750,000
13/05/2005	31/12/2007	$0.20	500,000	-	(500,000)	-	-	-
13/05/2005	31/12/2007	$0.30	500,000	-	(500,000)	-	-	-
13/05/2005	31/12/2007	$0.40	500,000	-	-	-	500,000	500,000
Total			2,500,000	-	(1,250,000)	-	1,250,000	1,250,000
Weighted average exercise price			$0.26	N/A	$0.24	N/A	$0.28	$0.28

No options expired during the periods covered by the above tables.

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2008 was $0.28 (2007 - $0.24).

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.5 years (2007 – 184 days).

Fair value of options granted
The assessed fair value at grant date of options granted during the year ended 30 June 2008 ranged from 1c to 46c (2007 – 7.2 cents):

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2008 were within the ranges specified below. No comparatives have been provided, as there were no options issued in the prior year.

(a) options are granted for no consideration and either vest immediately or based on a required term of service (depending on the individual issuance terms). Vested options are exercisable for varying periods after vesting, the minimum being 2.5 years and the maximum being 3 years.
(b) exercise price: $1.30 to $2.30
(c) grant date: 30 November 2007 to 21 February 2008
(d) expiry date: 30 November 2010 to 31 January 2011
(e) share price at grant date: $0.88 - $1.11
(f) expected price volatility of the company's shares:64.08%
(g) expected dividend yield: 0%
(h) risk-free interest rate: 6.27% to 6.61%%

35. Share-based payments (continued)

Fair value of options granted (continued)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The company also entered into share-based payment transactions as part consideration to purchase 11 tenements located in Queensland. Details are as follows:

- Grant date: 9 April 2008;
- Number of shares issued as consideration: 696,696 (the remaining consideration of 203,304 shares in respect of 1 tenement was yet to be issued as at 30 June 2008);
- The shares were measured at $0.75, being the volume weighted average price of PepinNini Minerals Limited shares at the time the transaction took place.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent	
	2008	2007	**2008**	2007
	#	#	**#**	#
Options issued under employee share option plan	**296,164**	70,595	**296,164**	70,595

All of the above expenses are in respect of equity-settled transactions.

36. Business and geographical segments

The company operates in the mineral exploration and development industry in Australia.

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

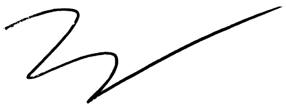
(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and

(c) The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors

Norman Kennedy
Director



Sydney, 29th September 2008

Deloitte.

Deloitte Touche Tohmatsu
ABN. 74 490 121 060

180 Lonsdale Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9208 7000
Fax: +61 (0) 3 9208 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of PepinNini Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of PepinNini Minerals Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 22 to 68.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Deloitte.

Basis for Qualified Auditor's Opinion

As disclosed in Note 3(v) to the financial statements, the Company has recognised an investment in a subsidiary, Eagle Gold Mines Limited, at a carrying value of $4,084,578 after an impairment expense of $1,425,687. Australian Accounting Standard AASB 139 *Financial Instruments: Measurement and Recognition* requires an asset to be carried at no more than its recoverable amount. All the assets of Eagle Gold Mines Pty Ltd, a subsidiary of Eagle Gold Mines Limited, have passed to the control of a receiver subsequent to year end. We have not been provided with sufficient appropriate audit evidence of the recoverable amount of the investment as a consequence of the receiver's future realisation process and, accordingly, we have been unable to determine whether the recoverable amount of that asset is at least equal to its carrying value. In the event that the carrying value of the asset exceeds its recoverable amount, it would be necessary for the carrying value of that asset to be written down to its recoverable amount. In the event that the recoverable amount exceeds the impaired carrying value, the impairment expense is overstated and the investment in subsidiary is understated by an amount equal to the lower of the excess or $1,425,687.

Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the recoverable amount of the Investment in Subsidiaries recorded by the Company;

a) the financial report of PepinNini Minerals Limited is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the financial report complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 19 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of PepinNini Minerals Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001.*

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gerard Belleville

Gerard Belleville
Partner
Chartered Accountants
Melbourne, 29 September 2008

Additional securities exchange information

The shareholder information set out below was applicable as at 31 August 2008.
As at 31 August 2008 there were 68,404,195 fully paid ordinary shares held by **1,893** individual shareholders.
All issued ordinary shares carry one vote per share.

A. Distribution of equity securities

	Number of holders	Number of shares
1 – 1,000	324	230,338
1,001 – 5,000	796	2,355,875
5,001 – 10,000	348	2,996,661
10,001 – 100,000	372	11,359,694
100,001 and over	53	51,461,629
	1,893	**68,404,195**
Holding less than a marketable parcel	-	-

B. Substantial shareholders

	Fully paid ordinary shares	
Ordinary shareholders	**Percentage**	**Number**
Norman Lee Kennedy	13.89%	9,500,000
Rebecca Ann Holland-Kennedy	13.89%	9,500,000
LHW Resources Pty Ltd	6.73%	4,605,884
Total	**34.51%**	**23,605,884**

C. Twenty largest holders of quoted equity securities

	Fully paid ordinary shares	
Ordinary shareholders	**Number**	**Percentage**
Norman Lee Kennedy	9,500,000	13.89%
Rebecca Ann Holland-Kennedy	9,500,000	13.89%
LHW Resources Pty Ltd	4,605,884	6.73%
Sinosteel Australia Pty Ltd	3,300,000	4.82%
HSBC Custody Nominees (Australia) Limited	2,342,259	3.42%
Citicorp Nominees Pty Ltd	1,644,391	2.40%
ANZ Nominees Limited	1,463,145	2,14%
National Nominees Limited	1,275,176	1.86%
Philip Roger Clifford	1,261,775	1.84%
George Holland Pty Ltd	1,113,333	1.63%
Alexander George William Kennedy	1,000,000	1.46%
Luis Fernando Norman Kennedy	1,000,000	1.46%
Virginie Pepin-Demal	990,000	1.45%
Nicola Jane Khouri	982,000	1.44%
UBS Nominees Pty Ltd	959,381	1.40%
Albert Harris	949,334	1.39%
Bunya Parade Pty Ltd	786,825	1.15%
Eshan Pty Ltd	620,823	0.91%
ND Birchmore Pty Ltd	619,929	0.91%
Optex Industries Pty Ltd	600,000	0.88%
Total	**44,514,255**	**65.07%**